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A STUDY OF EMPLOYMENT TRENDS IN THE SERVICES SECTOR OF THE AMERICAN, CANADIAN and NOVA SCOTIA ECONOMIES (1921-1961)

by
D. P. SCHAFER, M.A.

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Foreword

In mid-1963, D.P. Schafer, M.A., lecturer in Economics at Dalhousie University, was commissioned by the Voluntary Economic Planning Division of the Nova Scotia Department of Finance and Economics to carry out an exploratory study of the services sector of the Nova Scotia economy.

The results of the study are contained in the following report and all views expressed by the author are those of himself and not necessarily those of the Nova Scotia Voluntary Planning Board or the Voluntary Economic Planning Division.

September, 1966

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PREFACE

The Services Sector is an area of economic investigation about which very little has been written in the past, but about which much will have to be written in the future.

By 1961, approximately one-half of the Canadian labour force was employed in the "services sector" of the economy, receiving in return almost an equivalent proportion of the national income generated during that year. These proportions are even greater for Nova Scotia! A moment's reflection will indicate the importance and magnitude of the services sector's contribution to the growth and development of the total Canadian and Nova Scotian economies.

Unfortunately, the services or tertiary sector has been either virtually neglected or improperly treated in the economic literature. Too often in the past, economists have been inclined to confine their attentions to changes in the nature and composition of employment, income, output, and prices in only the primary and secondary sectors of the economy. This undesirable tendency requires rectification since it has created a major imbalance in the treatment and knowledge of, and insight into, all three sectors of the economy. At present then, the services sector is in drastic need of some new and original thinking, as well as some fundamental conceptual and statistical rethinking.

It would be impossible to explore all, or even most, of the various facets of the services

sector within the confines of this report. Therefore, priorities must be placed, and a focal point must be selected and established. In consequence. attention will be primarily restricted in this study to the employment contribution and significance of the Nova Scotian services sector. There are essentially two reasons for this. In the first place, it is felt that employment and unemployment lie at the heart of and reflect many of Nova Scotia's key economic problems. Over this century, pronounced and basic changes have taken place in the occupational redistribution of the Nova Scotian labour force, and detailed consideration must be given to the economic and social consequences and ramifications of these changes. Secondly, it is almost impossible to obtain or acquire comprehensive statistical information relating to many of the other aspects of the Nova Scotian services sector at present. In some cases, statistics are non-existent. In other cases, the statistics have only been collected on an Atlantic Provinces basis and are consequently inadequate for the purpose at hand.

A sustained and continuous effort has been made to view the employment problems, particularly for Nova Scotia, in totality. The author is firmly convinced that regional economic difficulties must first be seen in a comprehensive and aggregate manner. Therefore, some questions relating to the pattern of employment in general, and employment in the services sector in particular have been raised on an American, Canadian, and Nova Scotian basis.

Needless to say, where answers have been supplied, they are neither conclusive nor definitive. At best they are merely suggestive, tentative, and incomplete. Question posing in economics, as in all practical pursuits and academic disciplines usually leads to an infinite regress. No sooner is one question answered than another one is raised. It is hoped however, that this report will indicate both the importance of the questions, as well as the necessity of finding operational solutions to these problems.

Finally, no attempt has been made to plot the graphs relating to changes in employment in the various sectors, in percentage terms, or to regress employment trends against other economic and non-economic indicators. However, percentage estimates have been provided with the statistical tables that accompany these graphs. Consequently, all statistical information requiring graphic portrayal has been plotted in absolute terms. This is done merely for the sake of analytical simplicity and visual convenience and comprehension.

CHAPTER I

THE IDENTIFICATION, CLASSIFICATION, AND IMPORTANCE OF THE SERVICE SECTOR OF THE ECONOMY

The objectives of this chapter are threefold. The first objective is to account for the general lack of analytical and conceptual insight as well as the paucity of statistical information that are available to any contemporary economist interested in the services sector of the economy. The second objective is to define and identify the services sector of the economy as adequately as circumstances permit, and following this, an attempt will be made to classify the services sector of the Nova Scotian economy with particular reference to various operational difficulties. Finally, it is the intention of the author to pass comment on the growing importance of the service sector in any developed economy, as well as presenting some opinions concerning the relationship of this particular sector to other sectors of the economic system.

Any contemporary economist who is interested in the employment, income, and output possibilities of the services sector of the economy will immediately be struck by the inadequacy of any conceptual framework capable of enabling him to conduct a detailed analysis of this area of economic investigation. In addition, statistical information, the backbone of any modern and comprehensive study in economics, is either totally non-existent or grossly inadequate.

These deficiencies, although regrettable, are not wholly inexplicable. Like most questions relating or relevant to present deficiencies, the answers lie in history. In this particular case, they result primarily from a misconception on the part of past-generation economists concerning the nature and scope of their discipline, rather than from any lack of genuine interest on their part.

The classical economists, perpetuating a legacy that had been deviously passed down from Aristotle to the Scholastics to the Physiocrats, were fond of making a fundamental distinction between "productive" and "unproductive" labour. Since this group of economists was primarily interested in the factors that enhanced or impeded the tangible "wealth of nations", it was natural, indeed requisite, to assume that some labour was productive while other labour was unproductive, or perhaps almost parasitical! One rather lengthy but highly informative and illustrative quotation should suffice to indicate the impact that this theory would have on later economists.

> "There is one sort of labour which adds to the value of the subject upon which it is bestowed: there is another which has no such effect. The former, as it produces a value, may be called productive; the latter, unproductive labour. Thus the labour of a manufacturer adds, generally, to the value of the materials

which he works upon, that of his own maintenance, and of his master's profit. The labour of a menial servant, on the contrary, adds to the value of nothing. Though the manufacturer has his wages advanced to him by his master, he, in reality, costs him no expense, the value of those wages being generally restored, together with a profit, in the improved value of the subject upon which his labour is bestowed. But the maintenance of a menial servant never is restored. A man grows rich by employing a multitude of manufacturers: he grows poor by maintaining a multitude of menial servants ... The labour of some of the most respectable orders in the society is, like that of menial servants, unproductive of any value, and does not fix or realize itself in any permanent subject, or vendible commodity ... The protection, security, and defence of the commonwealth, the effect of their labour this year, will not purchase its protection, security, and defence for the year to come. In the same class must be ranked, some both of the gravest and most important, and some of the most frivolous professions: churchmen, lawyers, physicians, men of letters of all kinds, players, buffoons, musicians, opera-singers, opera-dancers, etc."[1]

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[1] Smith, A., An Inquiry into the Nature and Causes of the Wealth of Nations, ed. by Cannan, E., The Modern Library, New York, pp. 314-315.

According to Adam Smith then, some, if not many, of the people employed in the highest-paying professions in society are unproductive! This strikes the author as being rather naive and curious. The statement does however epitomize the major reason for the contemporary lack of analytical knowledge and statistical material in matters pertinent to the services sector of the economy. As far as the classical, and unfortunately most post-classical, economists were concerned, labour employed in the creation of useful services, although perhaps socially and politically necessary or desirable, was unproductive in economic terms. For these economists, the prime mover in economic growth was investment and consequently the real stock of reproducible capital, and increases in these magnitudes are only enhanced through the creation of surpluses over and above consumption in the primary and manufacturing sectors of the economy. Labour directed to these ends was productive, all other labour was unproductive.

Having briefly exposed the historical treatment of some of the services activities in an attempt to explain current deficiencies, it is now possible to inquire into the definitional and classificatory aspects of the services sector proper. Since questions of definition logically precede matters of classification, it will be expedient to examine the definitional aspects of the services sector before pursuing the more important task of classifying the various segments of this sector.

Since a "service" primarily denotes something that is intangible and consequently immeasurable, it is understandable that a definition of it will be more elusive and nebulous than the definition of some concrete human activity or economic process. In consequence, before attempting any formal definition of a service, the service industries, or service employment, a number of characteristics concerning the services must first be specified. In the first place, it must be realized that definitions of any sort are, in the final analysis, arbitrary. As a result, the best that can be done is to provide an operational range or area within which the services sector of the economy may be placed. Secondly, service employment creates rather than produces; it is an activity rather than a mode of production in the technical and physical sense. Finally, the definitional problem is more difficult than significant. The important consideration is to make sure that all economic activities receive their proper treatment and attention. If this is done, the definitional aspect is negligible.

With these considerations in mind, and for purposes of this report, a service will be defined as "any non-transferable, intangible economic activity which, by virtue of its relative scarcity, commands a value in the form of a price in the market place." Service employment then refers to any labour devoted to, or engaged in, the creation of services.

Having provided a definitional area, it

remains to present and comment on a classification of the various services. In manufacturing and agriculture where a long and comprehensive statistical history is evident, industries or activities are usually classified by relating them to technology, and consequently they are grouped according to the chief raw material used in production, or by the nature of the final product.

In the services industries however, such a classification would not only prove inadvisable; it would also be highly uninformative. In the services sector, a broad range of heterogeneous activities is encountered that almost defies any manageable and meaningful classification. For purposes of this report however, and in view of the economic characteristics particular to Nova Scotia, the following classification of the services sector is recommended.

CLASSIFICATION OF THE NOVA SCOTIAN SERVICES SECTOR [2-3]

1. The Distributive Trades
   a. Wholesale Trade
   b. Retail Trade

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[2] A more detailed and comprehensive classification of the services industries is provided in Appendix 1 of this report. An even more detailed classification than is provided in the Appendix is to be found in: Dominion Bureau of Statistics, Standard Industrial Classification Manual, Queen's Printer and Controller of Stationary, Ottawa, 1960, pp. 146-175.

2. The Government Services
   a. Federal Administration and Defence
   b. Provincial
   c. Municipal and Miscellaneous
3. The Ancillary Services
   a. Community, Business, and Professional Services
   b. Personal, Domestic, and Miscellaneous Services
4. The Financial Institutions
   a. Saving, Investment, and Credit Institutions
   b. Insurance and Real Estate Institutions

The method of classification of the various segments of the services sector employed here relates to the nature of employment demand for these services. Not only does this accomplish the purpose of enabling a more refined and detailed analysis of the employment possibilities in this sector of the economy which, after all, is the central theme of this study, but it also seems to be the most intelligible and recommendable division of the various components of the sector under consideration. As a result, all attempts at classifying the services sector in terms of the type

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[3]For purposes of committee meetings and conferences held in conjunction with the Voluntary Economic Planning Division of the Nova Scotia Department of Finance and Economics, it is recommended that the services sector be considered as constituent of two major sub-segments including the distributive trades in one sub-segment, and all other services in the other sub-segment. This dichotomy is deemed advisable both from the standpoint of employment distribution, and economic importance.

of technology utilized, or the type of output produced or created, or the public or private nature of demand for these services has been abandoned.

It will immediately be realized that the demand for labour in each of these various segments of the services sector is determined by a different set of social, political, and economic factors. This has been aptly recognized and lucidly expressed in the following statement.

> "The value of the classification made here lies in a delineation of the differences in the several broad types of services as they relate to other types of economic activity and to the demand for employment. There are, for example, service industries in which the demand for labour is directly linked to the volume of commodities that is being sold. Thus, the transportation of freight and the distributive trades embraces activities which constitute what are, in the main, extensions of the commodity-production process. The volume of employment in financial and property-handling institutions, on the other hand, is related to the volume of savings and the opportunities for their investment. The employment trends of these institutions reflect in part the growth of the credit mechanisms and the growing complexity of the financial processes required for the management of the nation's productive resources, and in part the changes in the methods and techniques with which

these activities are performed ...
The domestic and personal services represent still another type of economic activity. Their demand for labour depends directly on the volume of income available to final consumers, on the way in which that income is distributed, on changes in the consumption patterns of the community, and on changes in the degree to which some of the services are becoming commercialized.

The public services, too, constitute a separate problem for analysis since they are subject to a set of factors peculiar to them alone. Their demand for labour is the result of public policy with relation to the personal needs of the population and the economic needs of the commercial and industrial community."[4]

A dynamic approach to the process of production, employment, exchange, and distribution forces us to realize that the magnitude and nature of public and private demand for goods and services is in a constant state of transformation. As the level and rate of increase in income, population, resource discovery, and technology changes, so also does the pattern and direction of consumer expenditure, and with it there is a marked shift in the production emphasis and in the nature of employment activity. In the nineteenth

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[4]Weintraub, D., and Magdoff, H., "The Service Industries in Relation to Employment Trends", Econometrica, Vol. 8, 1940, pp. 293-4.

century, the German social scientist Ernst Engel, in studying the habits of the lower and middle classes, recognized that there was a connection between the level of a family's income and the nature of its consumption expenditures. In consequence, he proposed the now-famous Engel's Law of Consumption Expenditure which suggests that as the income of a family increases, the percentage of income spent on food decreases, that spent on clothing, rent, fuel, and light remains approximately the same, and that for cultural purposes (mostly services) increases. This law, of course, was defined in relative terms, since Engel realized that in absolute terms, and for the economy as a whole, expenditures would probably increase in all sectors of the economy as incomes rose.

There can be little doubt then that as incomes increase and economic development and growth proceed, there are changes in the occupational distribution and redistribution of the labour force resulting from changes in the nature and composition of consumer tastes and expenditures. The mere fact that these changes have followed an extremely similar and consistent pattern in so many countries in various stages of economic development has enabled some economists to be a little more specific, although perhaps prematurely assertive, about the nature of these changes. In actual fact, much of the available evidence supports the following contention and generalization as a worthwhile

approximation of real conditions.

> As economic growth takes place in any country or region, there is a tendency for the percentage of the total labour force employed in primary production to diminish, while the percentage of the total labour force engaged in secondary production and in service creation tends to expand, especially the relative volume of employment in the service sector.

This merely states, again in relative terms the employment side of Engel's observations about the changing nature and pattern of consumption expenditure. Some economists have even pushed the above-mentioned contention further by implying that there is a high correlation or even causation (in the most extreme cases) between the percentage of the labour force engaged in the creation of services and the level of economic affluence that prevails in any country or region. Two rather well-known examples should suffice to emphasize this point.

> "Studying economic progress in relation to the economic structure of different countries, we find a very firmly established generalization that a high average level of real income per head is always associated with a high proportion of the working population engaged in the tertiary (service) industries ... Low real income per head is always associated with a low proportion of the working population engaged in tertiary production and a high percentage in primary

production, culminating in China, where 75-85% of the population are primary producers. High average real income per head compels a large proportion of producers to engage in tertiary production ... The reasons for this growth of the relative number of tertiary producers must largely be sought on the demand side. As incomes rise the demand for such services increases, and being non-transportable they must be supplied by workers within the country concerned.

When we examine the trend through time, we find a similar result. In every case we find the proportion engaged in primary industry declining and in tertiary production increasing. The proportion of the working population engaged in secondary industry appears in every country to rise to a maximum and then to begin falling, indicating that each country reaches a stage of maximum industrialization beyond which industry begins to decline relative to tertiary production."[5]

Elsewhere, Professor Fisher contends:

"We may say that in every progressive economy there has been a steady shift of employment and investment from the essential "primary"

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[5]Clark, C., The Conditions of Economic Progress, MacMillan, London, 1940, pp. 6-7.

> activities, without whose products life in even its most primitive forms would be impossible, to secondary activities of all kinds, and to a still greater extent into tertiary production. ... The shifts of employment towards secondary and tertiary production revealed by the census are the inescapable reflection of economic progress. If we do not have the one, we cannot have the other."

There can be little doubt that the above generalizations possess some degree of validity. On the surface, there does seem to be a relatively high correlation between the level of economic affluence obtaining in any country or region and the relative number of the labour force engaged in tertiary or service creation. However, not only are there exceptions, but it is extremely difficult in addition to determine whether this is the cause or the effect of accelerated economic growth. If it is the effect of economic development, then the statement is at best a descriptive truism. If it is proposed as the cause of economic advancement, then it must surely be viewed with suspicion!

It goes without saying however, that there must be some casual relationship between income, demand, and employment. It is very unfortunate, at least in the opinion of this author, that economic

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[6]Fisher, A.G.B., Economic Progress and Social Security, MacMillan, London, 1946.

analysts have traditionally been more interested in and concerned with the problems of income generation and changes in the level of aggregate demand than they have been in determining precisely where it is that income is generated and where the level of aggregate demand may have changed favourably or adversely. Although there has been a great deal of interest in the relationship between the level of income or aggregate demand and the initiation and maintenance of full employment, there has generally been only a marginal interest in the problem of various occupational redistributions of an existing and growing labour force. The evidence overwhelmingly supports the view that it is time economists, even if in conjunction with sociologists, gave due consideration to the problem of changing labour requirements as economic development takes place. Far too often in the past, economists have viewed unemployment as the price that has had to be paid for cyclical disturbances; whereas all too seldom, they have recognized that it may be a price that has had to be paid for fundamental changes in the underlying structure and composition of the economy.

This brings us directly to the final objective of the chapter, which is to comment briefly on the nature and growing importance of the service sector of the economy.

It has been previously suggested that the initial distinction that the classical economists made between productive and unproductive labour was

not only unjustified but perhaps even fallacious. Moreover, it has not only proven to be inappropriate but absolutely misleading since it has resulted in the ill-informed and ill-founded currently prevalent notion that the service sector of the economy is a mere extended appendage of the primary and secondary sectors, related to these sectors only indirectly, but somehow totally dependent on these latter sectors for identity and existence. Anything that can be done here to annihilate this contention will, in itself, result in a major sense of accomplishment.

The services sector of the economy does have an independent identity, related in importance to the other sectors of the economy. Production without distribution is meaningless and futile; industriousness without some education and knowledge is unthinkable; life and labour without some minimum standard of health and sanitation is animalistic. And yet, distribution, education, and health are services. In fact, one of the major differences between the underdeveloped and the developed or advanced economies is that in the latter economies, the services sector is highly refined and developed and consequently contributes to the high level of growth and efficiency in the other sectors of the economy; whereas in the former economies, the services sector is unrefined and underdeveloped, and economic growth is correspondingly retarded, and in some cases virtually non-existent. Surely then, the primary and secondary sectors of the economy are as

dependent on the quantitative and qualitative development of the services for their productivity and qualitative efficiency as the services sector is dependent on these sectors of the economy.

This realization leads us directly to the conclusion that the various sectors of any economy are equally necessary and important, for the economic system and mechanism is an inter-related and highly-integrated process in which assertions about the relative value of the sectors may only be made after detailed investigation has been carried out. It is only when this impression and realization is firmly imbedded in the mind that one can sufficiently comprehend the nature and growing importance of the services sector in the advanced countries.

By way of summary then, the concept of the services sector is at present in need of greater emphasis, as well as in need of some basic conceptual and statistical rethinking. If economists are to remain true to the scientific techniques and methods which they so strongly advocate, whether it be to avoid judgments of value or not, then they must look at the facts. An attempt has been made to do this in the next chapter, and the resultant conclusion is that the services sector of the economy, appropriately defined, occupies a position of foremost importance in most advanced countries.

CHAPTER II

THE CHANGING NATURE OF THE U.S. AND THE CANADIAN SERVICE SECTOR

"The service industries are thus of roughly equal economic significance, whether measured by employment, labour earnings, or national income originating."[1]

In the last chapter, it was proposed that the services sector of the economy, properly defined, occupies a position of prime importance in influencing the general level and rate of economic expansion in any advanced country. In addition, it was contended that the service sector of the economy has an independent identity. That is, from the economic point of view, the creation and rendering of services is equally as important to the wealth and well-being of a highly developed nation or region as the production of concrete commodities.

In this chapter, it is intended to submit these contentions to statistical verification by comparing and contrasting the growth of the U.S. and Canadian services sectors from the point of view of employment and income originating.

The inclusion of the "American case" seems

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[1] Stigler, G.J., Trends in Employment in the Service Industries. National Bureau of Economic Research, Princeton University Press, Princeton, 1956 p. 9.

justified for a number of reasons. In the first place, there is a marked similarity in the structural composition of the American and Canadian economies, despite the different stages and patterns of economic development experienced both historically and presently in these two countries. Secondly, there can be little doubt that American institutions and values have had in the past, and presumably will continue to have in the future, a forceful and profound effect on the pattern of economic behaviour and consumer expenditure in Canada. As a result, trends in the service industries in the American economy may well be evidenced in Canada in the future, although perhaps with a noticeable time lag. Finally, measured by the economic yardstick, the U.S. has progressed faster and perhaps farther than any other country in the world. Its level of capital formation, productivity, and real income per capita alone make it a country worthy of considerable attention and detailed analysis. Consequently, it is incumbent on any economist interested in the future prospects for this country to regard the U.S. as some sort of "economic case study" by which to judge the importance and performance of the Canadian economy, and this means, explicitly, that important lessons concerning the services sector of the economy may be learned from the inclusion of statistics on American employment and income.

Reference has been made previously to the importance of studying and analysing the nature of

occupational redistributions in the economy overtime. Whether the "Clark-Fisher thesis" is accepted or rejected, the fact still remains that important changes have taken place over the last century in the nature of employment activities pursued by individuals, at least as far as the Western World is concerned. Increasingly, the importance of a higher level of education, particularly a university education, is stressed. Pushed to its logical conclusion, this argument implies that at some foreseeable time in the future, an advanced education will be required even for the performance of many of the most menial and trivial jobs imaginable. In many cases, a high level of education is not required in order to enable the individual to perform his job more efficiently or effectively, but rather to perform a new and unrelated job for which some special training is necessary.

The high rate of unemployment that has been characteristic of North American economic development during the post-war period may then partly be viewed as a reflection of the inefficient or ineffective way in which labour has been transferred from one sector of the economy to another. Thus, a paradoxical situation has emerged in North America during the post-war period. Overall economic growth has proceeded at a rather respectable, if not an accelerated, rate, and yet, a relatively high volume of unemployment has prevailed. Of course, this is not to say that employment possibilities or opportunities have not existed

or have even been deficient in Canada and the United States during this period, or in fact, are non-existent or deficient at present. The essence of the problem is that in many cases, labour mobility is restricted not so much by lack of financial resources, social insecurity, or unwillingness to move, but rather by inadequate training or an inappropriate knowledge of the requisite skills. In the future, greater consideration will have to be given in devising employment policy to this problem if high rates of unemployment are to be avoided and the burden of unemployment is to be alleviated.

The following table and subsequent graphs indicate just how pronounced and substantial these fundamental changes in occupational distribution and composition have been in North America during the last several decades. In addition, one cannot help being struck by the remarkable similarity of the employment trends that obtained in the two countries over the period in question.

TABLE 1 - LABOUR FORCE BY INDUSTRY COMPARING CANADA AND THE UNITED STATES
(thousands of persons)

	U.S. (1920)	Canada (1921)	U.S. (1930)	Canada (1931)	U.S. (1940)	Canada (1941)	U.S. (1950)	Canada (1951)	U.S.[1] (1960)	Canada[2] (1961)
Retail and wholesale trade	4,064	349	6,112	388	7,179	465	9,068	696	13,411	991
Per cent of total	9.8	11.0	12.5	9.9	13.5	10.3	16.0	13.4	19.4	15.31
Finance	795	25	1,445	92	1,549	90	1,949	143	2,865	229
Per cent of total	1.9	0.8	3.0	2.4	2.9	2.0	3.2	2.8	4.1	3.5
Professional service	1,503	222	2,295	266	2,936	294	3,709	452	7,620	774
Percent of total	3.6	7.0	4.7	6.8	5.5	6.5	6.2	8.7	11.0	12.0
Personal service	3,334	212	4,931	322	5,703	366	5,458	309		489
Percent of total	8.0	6.7	10.1	8.2	10.7	8.1	9.1	6.0		7.5
Government including armed forces	1,871	95	2,456	114	3,061	452	5,298	295	12,267	483
Per cent of total	4.5	3.0	5.0	2.9	5.7	10.0	8.8	5.7	17.8	7.5
Sub-total (service industries in this study)	11,567	903	17,239	1,182	20,427	1,667	26,022	1,895	36,163	2,966
Per cent of total	27.8	28.5	35.4	30.2	38.3	37.0	43.3	36.6	52.3	45.8
Transportation and public utilities	3,981	268	4,548	303	3,837	292	5,095	454	4,511	603
Per cent of total	9.6	8.4	9.3	7.7	7.2	6.5	8.5	8.8	6.5	9.3
Service industries	15,548	1,171	21,787	1,485	24,264	1,959	31,117	2,349	40,674	3,569
Per cent of total	37.4	36.9	44.7	37.9	45.5	43.4	51.8	45.3	58.8	55.1
Agriculture, forestry and fishing	11,401	1,111	10,525	1,222	9,141	1,227	7,141	975	5,723	786
Per cent of total	27.4	35.0	21.6	31.2	17.2	27.2	11.9	18.8	8.3	12.1
Mining	1,230	51	1,158	72	1,110	93	969	100	792	122
Per cent of total	3.0	1.6	2.4	1.8	2.1	2.1	1.6	1.9	1.1	1.9
Manufacturing and hand trades	10,882	556	10,876	724	11,944	966	15,486	1,346	18,836	1,405
Per cent of total	26.1	17.5	22.3	18.5	22.4	21.4	25.8	26.0	27.2	21.7
Construction	2,167	285	3,029	250	3,508	220	3,743	344	3,170	431

Table 1 - cont'd.

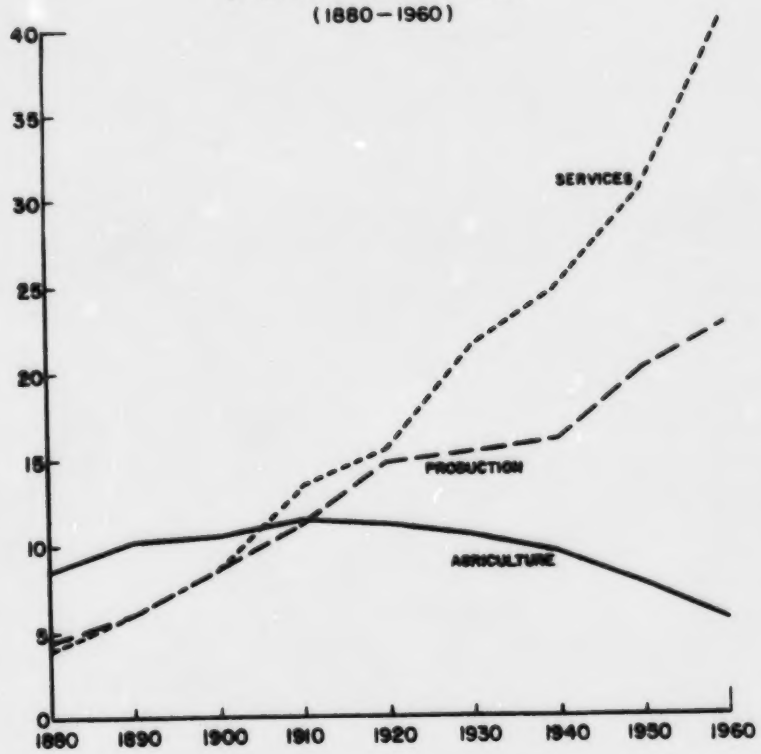
	U.S. (1920)	Canada (1921)	U.S. (1930)	Canada (1931)	U.S. (1940)	Canada (1941)	U.S. (1950)	Canada (1951)	U.S.[1] (1960)	Canada[2] (1961)
Per cent of total	5.2	9.0	6.2	6.4	6.6	4.9	6.2	6.6	4.6	6.7
Commodity production and construction	25,679	2,002	25,588	2,267	25,703	2,506	27,339	2,765	28,521	2,744
Per cent of total	61.7	63.1	52.5	57.8	48.2	55.6	45.5	53.4	41.2	42.4
Not specified	387	-	1,337	169	3,331	46	1,595	66	-	159
Per cent of total	0.9	-	2.7	4.3	6.2	1.0	2.7	1.3	-	2.5
Total Labour Force	41,614	3,173	48,712	3,922	53,299	4,511	60,052	5,180	69,195	6,472
Per cent of total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Source: Royal Commission on Canada's Economic Prospects, The Service Industries. March 1958, pp. 5-6.

1. U.S. Bureau of the Census, Statistical Abstract of the United States: 1961. (Eighty-second edition.) Washington, D.C., 1961. Based on estimates from Table No. 268 p. 203 and Table 281, p. 212.

2. Dominion Bureau of Statistics, Census of Canada, Labour Force. (Industries by Sex: Canada and Provinces)(Catalogue: 94-518 (Vol. III, Part 2) Bulletin 3.2-1, p. 1A-1.

FIGURE I
DISTRIBUTION OF THE LABOR FORCE
- UNITED STATES -
(MILLIONS OF PERSONS)
(1880 - 1960)



Note: Agriculture - includes fishing, forestry, and agriculture
Production - includes mining, hand trades, manufacturing, and construction
Services - includes trade, finance, professional service, personal service, government (including Armed Forces), transportation, and public utilities

Source: Royal Commission On Canada's Economic Prospects, The Service Industries, op. cit.

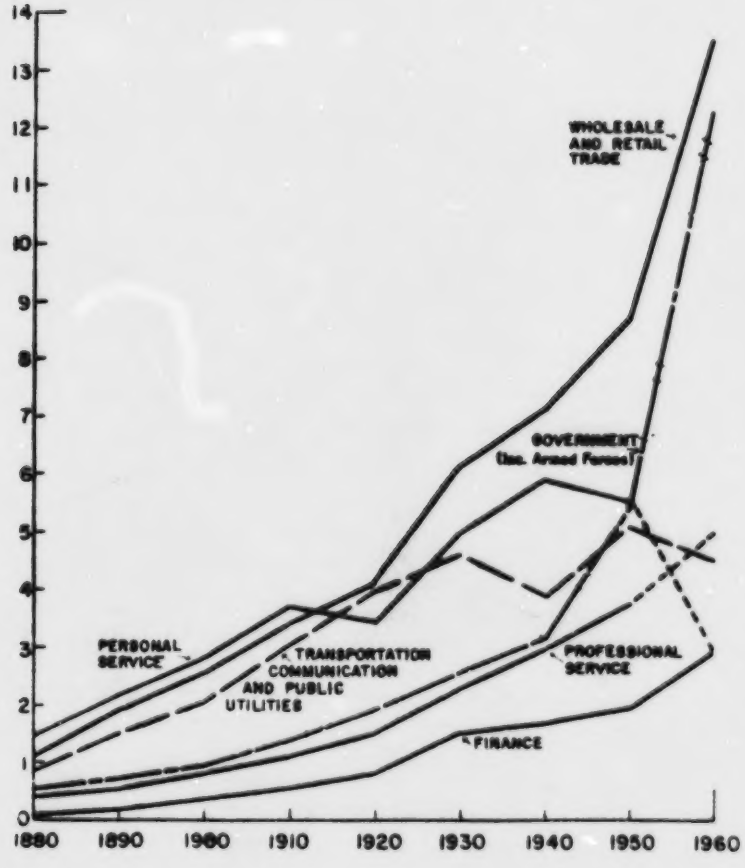
FIGURE 2

DISTRIBUTION OF EMPLOYMENT IN THE VARIOUS SEGMENTS OF THE SERVICES SECTOR

—UNITED STATES—

(MILLIONS OF PERSONS)

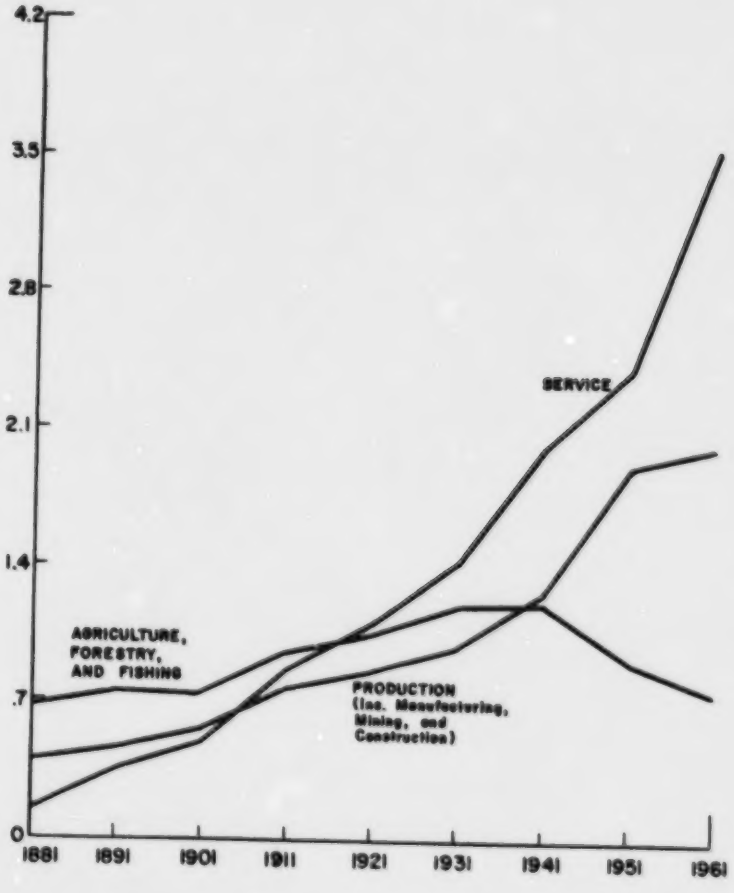
(1880 - 1960)



Estimate - - - - - - -

Source: Table 2

FIGURE 3
DISTRIBUTION OF THE LABOUR FORCE
BY CENSUS YEAR
CANADA
(MILLIONS OF PERSONS)
(1881 – 1961)



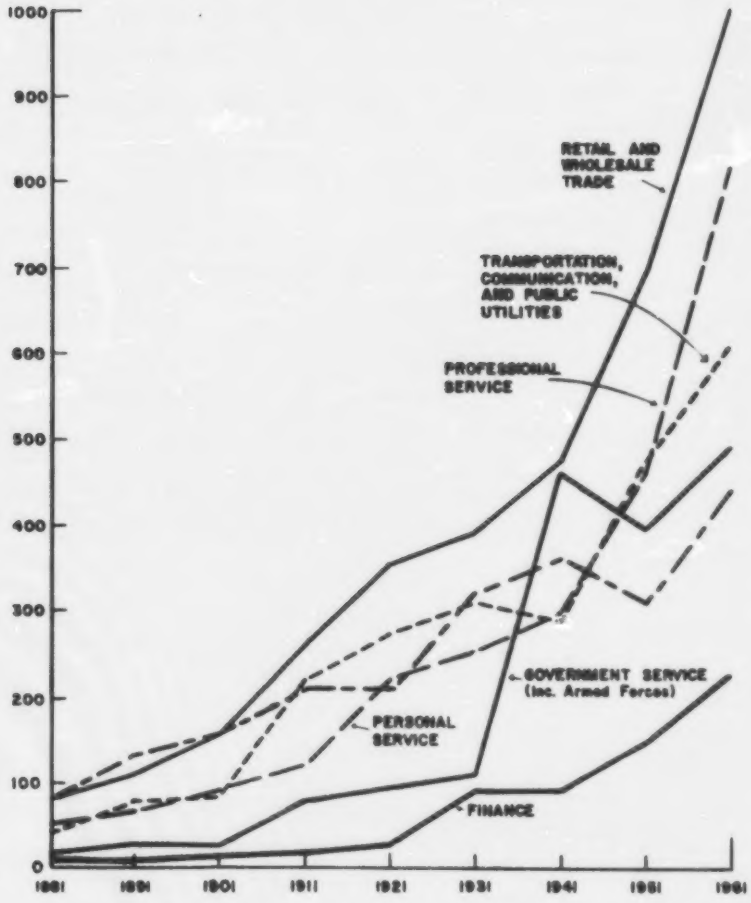
Source: See Table 1

FIGURE 4

DISTRIBUTION OF EMPLOYMENT IN THE VARIOUS SEGMENTS OF THE SERVICES SECTOR CANADA

(THOUSANDS OF PERSONS)

(1881 - 1961)



Source: Table 2

The preceding table (Table 1, page 21) and subsequent graphs have indicated the employment importance of the services sector of the American and Canadian economies. In addition, they have indicated how employment has been redistributed generally over the past several generations among the various sectors of the economy, as well as specifically revealing where employment growth has taken place within the various sub-segments of the services sector proper. We are now in a position to provide statistical information on income-generation by the services sector. (Table 2, page 28).

In addition, the Canadian services sector has also been responsible for generating a substantial percentage of the Canadian national income over the last several decades. Evidence to this effect can be obtained from Table 3, page 29.

For purposes of comparability and simple analysis, the table on page 30, (Table 4) indicates that both in the American and Canadian cases, the services sector has provided for substantial employment of the total labour force, while at the same time, this sector has generated a considerable proportion of national income.

TABLE 2 - NATIONAL INCOME BY INDUSTRIES, UNITED STATES

	1930	1933	1936	1941	1946	1951	1954	1961[1]
Wholesale	4,053	3,181	3,234	5,228	10,393	15,922	17,150	
Per cent of total	5.4	5.3	5.0	5.0	5.8	5.7	5.7	
								71,100
								16.5
Retail	8,176	6,562	7,356	12,026	24,024	31,958	34,872	
Per cent of total	10.8	11.0	11.3	11.5	13.4	11.5	11.6	
Trade	12,229	9,743	10,590	17,254	34,417	47,880	52,022	71,100
Per cent of total	16.1	16.3	16.3	16.5	19.2	17.3	17.4	16.5
Finance, Insurance, and Real Estate	10,592	8,646	6,580	9,172	14,479	22,407	27,875	43,500
Per cent of total	14.0	14.5	10.1	8.8	8.1	8.1	9.3	10.1
Service[2]	9,187	7,863	7,479	9,806	17,205	24,754	29,827	52,900
Per cent of total	12.1	13.2	11.5	9.4	9.6	8.9	10.0	12.3
Government	5,316	5,426	8,108	10,500	22,992	30,192	35,331	56,500
Per cent of total	7.0	9.1	12.5	10.0	12.6	10.9	11.8	13.1
Sub total for all services	37,324	31,678	32,757	46,732	88,693	125,233	148,055	224,000
Per cent of total	49.3	53.1	50.5	44.6	49.4	45.2	48.4	52.0
All Other Sectors	38,405	28,030	32,154	57,978	90,884	151,808	154,618	206,300
Per cent of total	50.7	46.9	49.5	55.4	50.6	54.8	51.6	48.0
Total National Income	75,729	59,708	64,911	104,710	179,577	277,041	299,673	430,300
Per cent of total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Source: Royal Commission on Canada's Economic Prospects, The Service Industries, op. cit., p. 13.

Notes: 1. U.S. Bureau of Census, Statistical Abstract of the U.S.: 1962, Washington, D.C., 1962, p. 312 (estimated).

2. Service here includes only the Ancillary Services (Professional, Community, Business, Personal, and Domestic) as defined in Chapter I.

TABLE 3 - NATIONAL INCOME BY INDUSTRIES, CANADA, 1926 TO 1956
(Millions of dollars)

Industry	1926	1931	1936	1941	1946	1951	1954	1961[1]
Wholesale Trade	155	146	157	298	454	863	927	1,935
Per cent of total	3.7	4.4	4.5	4.5	4.6	5.0	4.9	4.8
Retail Trade	389	336	341	586	997	1,531	1,716	3,112
Per cent of total	9.4	10.1	9.8	8.4	9.7	8.9	9.1	9.3
All trade	507	482	498	883	1,411	2,394	2,643	4,837
Per cent of total	12.1	14.5	14.3	13.0	14.4	14.0	14.1	14.1
Finance, Insurance and Real Estate	390	414	366	459	630	1,180	1,708	3,474
Per cent of total	9.3	12.4	10.5	7.0	6.4	6.9	9.1	10.6
Service	503	496	378	533	722	1,289	1,598	4,392
Per cent of total	12.0	14.9	10.8	8.1	7.9	7.5	8.5	13.4
Government	320	417	392	860	1,057	1,397	2,041	2,529
Per cent of total	7.6	12.5	11.2	13.1	10.8	8.2	10.9	7.7
Sub total for Services	1,720	1,809	1,634	2,705	3,870	6,260	7,990	15,032
Per cent of total	41.1	54.3	46.9	41.2	39.4	36.5	42.6	45.8
All Other Sectors	2,465	1,524	1,853	3,858	5,951	10,878	10,784	17,805
Per cent of total	58.9	45.7	53.1	58.8	60.6	63.5	57.4	54.2
Total National Income	4,185	3,333	3,487	6,563	9,821	17,138	18,774	32,837
Per cent of total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Source: Royal Commission on Canada's Economic Prospects, The Service Industries. Queens Printer and Controller of Stationery, March, 1956, p. 11.

Note: 1. Dominion Bureau of Statistics, National accounts, Income and Expenditure, 1961, p. 32. (Since National Income by Industry is no longer available resulting from a classificatory change, the 1961 distribution and total in Gross Domestic Product at Factor Cost, by Industry.)

TABLE 4 - THE SERVICES SECTOR'S CONTRIBUTION TO INCOME AND EMPLOYMENT IN THE UNITED STATES AND CANADA 1930 TO 1960

UNITED STATES
(Per Cent)

SERVICE SECTOR'S SHARE OF:	1930	1940	1950	1960
Labour Force	35.4	38.3	43.3	52.3
National Income	49.3	44.6 (1941)	45.2 (1951)	52.0 (1961)

CANADA
(Per Cent)

SERVICE SECTOR'S SHARE OF:	1931	1941	1951	1961
Labour Force	30.2	37.0	36.6	45.8
National Income	54.3	41.2	36.5	45.8

Source: Tables 1, 2, 3.

A conclusive case has been developed and presented! The foregoing graphic and statistical presentations indicate that some rather important and pronounced changes have been taking place in the occupational distribution and redistribution of the labour force in Canada and the United States during the past several generations. In fact, in terms of both employment and income, the services sector in Canada and the United States has an economic importance presently equal to all other sectors of the economy combined. In both cases, it contributes to or generates approximately one-half of the national income, and provides for an equivalent proportion of labour force employment.

It is now possible to draw some positive conclusions concerning employment and income trends and possibilities in the services sector. This is done on both a factual and conjectural or speculative basis.

Treating the Canadian and American economies in combination, the following statements and conclusion appear to have ample justification at present.

In the first place, in both countries the rate of employment and income growth in the services sector has been much more rapid than in the other sectors of the economy. If the past can be taken as a reasonable and reliable guide for the future, then both economies seem well on their way to becoming "service economies". The reasons for this are perhaps obvious enough. As the level of real income per

capita in both countries increases, the additional increments in income are largely destined for expenditure on services activities, thereby enhancing income and providing employment for an increased proportion of the growing labour force in the services sector.

Secondly, and distinctively apart from the effect that income and expenditure increments have on employment possibilities and opportunities, the rather rapid rate of capital introduction, mechanization, and technological change in both the primary and secondary sectors of the economy has resulted in the past, and presumably will continue to result in and necessitate in the future, large transferences of the growing labour force to the services sector of the economy. In North America generally, rural to urban shifts have been accompanied by an increasing unwillingness on the part of younger generations to pursue rural rather than urban activities and occupations. This process has been increasingly speeded up by the use of capital equipment in the primary sector in particular to such an extent that the ratio of output to labour in this sector has continuously risen. In this case, capital-intensive production and technological change have simultaneously resulted in vast increases in output and reductions in the volume of labour required to produce that output. Of course, capital for labour substitutions have also taken place in the secondary or manufacturing sector of the economy. As far as the future is concerned, one wonders whether Colin Clark's contention is valid that employment tends to rise to a

maximum in the secondary sector and fall thereafter. If so, in relative terms, employment growth will be rising quickly in the services sector while it is falling in the other sectors of the economy.

Thirdly, the evidence available at present would seem to support the view that innovation, creation, and stimulation of new demands in the future will take place much more rapidly in the services sector than in the goods sector of the economy. Witness the rate of current expansion in the proliferation of new types of services! To cite only several examples, reflect on how the demand for entertainment of all varieties, cultural activities, tourism, and professional services has grown during the past several decades. The future demand for, and expansion of, these activities alone will surely have extremely favourable effects on employment opportunities in the services sector generally.

Fourthly and finally, some consideration must be given to the possible future relationship between capital and labour in the services sector. It has previously been pointed out that services are more individual and independent, and that consequently, the services sector is constituent of a more heterogeneous group of activities than the other sectors of the economy. As a result, it is proposed here that mechanization and automation will have a much more restricted significance and application when it comes to considering the possible substitution of capital for labour in the services sector. This is not to say

that the service activities are in some way unprone to capital absorption. In many cases they are prone to capital innovation, as will be pointed out later. However, in many cases, it is difficult to conceive of how capital might be used in the performance of specific services. To this extent, a more optimistic conclusion as far as future labour employment prospects seems warranted and justified.

Within the services sector itself, the following trends and changes are worthy of particular consideration and comment.

In the distributive trades, employment expansion in Canada and the United States has been extremely rapid, particularly since the beginning of this century. This would presumably result from the large increases in the production of primary and secondary commodities which generally characterized this period of over-all economic growth and expansion. In general, capital introductions have had a very insignificant effect on employment in these trades, especially in retail trading. Integration and increasing concentration in these trades, as brought about by important economic advantages such as economies of scale, do not seem to have manifested themselves at a rate consistent with the traditional treatment of these concepts in the economic literature.

Although there has been a pronounced tendency toward agglomeration in the wholesale trades in general, there does not seem to be a similar movement in this direction in the retail trades in particular,

and, in consequence, employment expansion in retail trading has been rapid during the period under consideration. In retail trading, many small establishments have been able to survive in the face of large-scale competition because of the particular composition of ethnical extractions in North America. This means that the small-scale retailer who can extend such special services as unusual hours, customer services, or special products, or who has some unique advantage such as a language requirement may exist independently of, and compete with, larger establishments who seem on the surface to possess overwhelming economic advantages. Where concentration and small-scale elimination has taken place, it has not proved detrimental to overall employment possibilities, since little mechanization has taken place at the distributive end of the productive process. In consequence, it is highly probable that employment growth will continue to be buoyant and rapid in this sub-segment of the service sector, particularly for female workers, although certainly there is little justification for presuming that employment growth will be as rapid as it was during the last half-century.

In the government services, employment has risen considerably, particularly during the last several decades. Two factors seem to predominate in accounting for this tendency. Defence obligations and considerations were responsible for the expansion in employment during the war years, and the continued

cold-war co-existence between the Soviet Union and the United States has resulted in the maintenance of a relatively large volume of employment in the armed services in both United States and Canada. In addition, moreover, the economic philosophy surrounding the role of government in economic life has undergone significant and fundamental changes over the last several decades. Increasingly, governments in the western world have accepted greater responsibility for the economic health and welfare of their citizenry. This increased bureaucratization has resulted in a wider proliferation and diffusion of governmental activities and proposed services, and in consequence, employment has expanded at most, if not all, levels of government. This is particularly true in Canada and the United States where employment appears to have increased at the federal, provincial or state, community, and municipal levels. Under normal conditions, it would seem sensible to assume that employment prospects in government will continue to be favourable for some time in the future, although the rate of employment expansion may not be expected to increase at the unprecedented rate that it did over the last generation.

As far as financial institutions are concerned, employment in these institutions has followed a progressively marked and virtually uninterrupted upward trend in Canada and the United States during the 20th century. Moreover, the general overall stability and steady development of the financial apparatus resulted in a very stable demand for

employment over the period under consideration. As the level of disposable income, saving, and investment rose in North America, so pressure was exerted on the financial institutions to extend and diversify the variety of services that they provided for the public. In the past, this represented significant increases in the demand for labour, particularly skilled and semi-skilled.

It should be pointed out explicitly that the demand for labour by the financial institutions could be conceivably affected by the increasing use of electronic equipment. The general concensus among financial experts at present is that although the use of electronic equipment may not create any decrease in existing employment, particularly since employees are readily absorbed by other departments if they are adversely affected, it may retard the rate of increase in employment in these institutions in the future. If this is the case, then in all probability the increase in employment in financial institutions during the next several decades may not be as rapid as it has been since the end of World War II.

A few brief comments might be presented with reference to employment tendencies in the community, business, professional, and personal services. In the first place, employment trends in these services have been extremely pronounced since the turn of the century, particularly in Canada. This is merely a reflection of the rapid expansion in the general level of economic affluence obtaining in Canada and the

United States. However, it is difficult to speak in generalities with respect to this group of services, partly because of the heterogeniety of the various classes that comprise the group, and partly as a result of the rather erratic fluctuations that have taken place with respect to overall employment demand for some of these services. The only valid conclusion that might perhaps be drawn is that future employment prospects in the professional, community and business services warrant more optimism than future employment possibilities in the personal services, and of the former group, educational and health employment possibilities appear to be the most favourable in the immediate future.

In summary and conclusion, employment growth has been unusually marked in the services sector of the Canadian and American economies, especially in contrast to employment expansion in the primary and secondary sectors in the economies in these countries. There has been a remarkable correlation between the employment provided by the services sector for a growing labour force, and the sector's capacity to generate income. Although overall employment provision has been favourable and employment prospects for the future may be regarded in a rather optimistic manner in service activities, there are significant variations when it comes to analysing the trends and possibilities in various segments of the services sector proper. In consequence, generalizations must be qualified, and broad speculations must be regarded with extreme caution.

CHAPTER III

AGGREGATIVE AND SECTORAL TRENDS IN EMPLOYMENT IN NOVA SCOTIA, 1921-1961

In the last chapter, it was pointed out that the services sector of the U.S. and the Canadian economy has occupied, and presently occupies a position of extreme importance with respect to both the amount of income it generates and the employment it provides for the growing labour force. In addition, it was indicated that it is impossible, given the present state of economic investigation, to break into the circular flow of income, employment, and expenditure to show that one sector is more important, or has greater economic ramifications, than another sector of the economy, since incomes generated in one sector of the economy provide expenditure payments and production incentives for the other sectors of the economic system.

In this chapter, an attempt will be made to indicate and illustrate the nature, importance, and relationships of employment and occupational distributions in the three broad sectors of the Nova Scotian economy, - namely, primary and secondary production and service creation. The following statistical and graphic presentations however, must be prefaced by several important comments. In the first place, unfortunately there are deficiencies in the income and employment statistical information on a purely Nova Scotian basis. As far as the employment statistics are concerned, it is impossible to provide employment

data by sector prior to 1921. In this case, the statistics are either non-existent, or reclassifications have taken place to such an extent to make classification and comparison with later years virtually meaningless. Moreover, it has only been possible to make comparisons on the basis of Census years, so that only broad trends may be discernible. As a result, shorter-period fluctuations, however important or relevant, may not be revealed! Secondly, and in contrast to employment statistics, information with respect to income distributions among the various sectors of the economy is not presently available, or is it ever likely to be. The fact that it is impossible to provide statistics relating to the income contribution and composition of the various sectors of the Nova Scotian economy in general, or the segments of the services sector in particular, has necessitated that some of the conclusions be arrived at by logical analysis and analogy rather than by statistical comparison and computation. It is hoped, however, that these imputed and inferred conclusions prove as reliable as they seem justifiable under present circumstances.

Table 5 then, reveals the changes that have taken place in the occupational distribution of the Nova Scotian labour force by industry from 1921 to 1961 by Census year.

TABLE 5 - DISTRIBUTION OF THE LABOUR FORCE BY INDUSTRY, NOVA SCOTIA, 1921-1961

INDUSTRY SPECIFIED	1921	1931	1941	1951	1961
Total - all industries[1]	185,556	180,894	190,973	220,806	236,819
Agriculture	49,246	43,829	37,597	23,331	12,038
Forestry	2,437	2,527	6,538	5,913	4,296
Fishing and Trapping	12,381	11,643	10,849	9,769	7,493
Mines, Quarries, and Oil Wells	15,390	16,979	16,791	15,570	10,105
Manufacturing Industries	22,234	23,692	29,118	36,929	34,081
Construction	11,836	10,467	12,549	16,392	15,524
Transportation, Communication and Public Utilities	14,417	14,870	15,894	20,738	24,962
Trade	15,462	15,219	20,308	30,069	36,763
a. Wholesale Trade	-	(2,197)	(4,085)	(8,239)	(9,603)
b. Retail Trade	-	(13,022)	(16,223)	(21,830)	(27,160)
Finance, Insurance, Real Estate	2,049	2,287	2,426	3,559	5,652
Government Services	4,353	4,414	5,521	22,890	36,816
Community, Professional, Business	11,650	10,138	11,416	17,069	27,148
Personal and Recreational	14,956	14,477	18,942	14,934	17,805
Industry not specified	9,145	10,352	3,024	3,643	4,136

Source: Dominion Bureau of Statistics, Sixth Census of Canada, 1921, Vol. IV, (Ottawa, 1929). Table 4, pp. 136-162.
Dominion Bureau of Statistics, Occupation and Industry Trends in Canada, Pub. No. SP-8, (Ottawa, 1954). Tables 10, 11.
Dominion Bureau of Statistics, Census of Canada, 1961, Labour Force, Industry by Sex; Canada and Provinces, Bulletin 3.2-1, pp. 2-11.

Note: 1. A male-female componency table, broken down by sector and segment and corresponding to the above table has been provided in Appendix 2 in this report.

TABLE 6 - DISTRIBUTION OF THE LABOUR FORCE BY SECTOR, NOVA SCOTIA, 1921-1961

SECTOR	1921	1931	1941	1951	1961
PRIMARY PRODUCTION[1]	64,064	57,999	54,984	39,013	23,827
Per cent of identified labour force	36.3	34.0	29.3	18.0	10.2
SECONDARY PRODUCTION[2]	49,460	51,138	58,458	68,891	59,710
Per cent of identified labour force	28.0	30.0	31.1	31.7	25.7
SERVICE SECTOR[3]	62,887	61,805	74,507	109,259	149,146
Per cent of identified labour force	35.6	36.0	39.6	50.3	64.1
TOTAL IDENTIFIED, LABOUR FORCE	176,411	170,942	187,949	217,163	232,683
Per cent of identified labour force	100.0	100.0	100.0	100.0	100.0
Per cent of total labour force	90.1	94.2	98.4	98.4	98.3
UNIDENTIFIED LABOUR FORCE	9,145	10,352	3,024	3,643	4,136
Per cent of total labour force	4.9	5.7	1.6	1.6	1.7
TOTAL LABOUR FORCE	185,556	180,894	190,973	220,806	236,819
Per cent of total	100.0	100.0	100.0	100.0	100.0

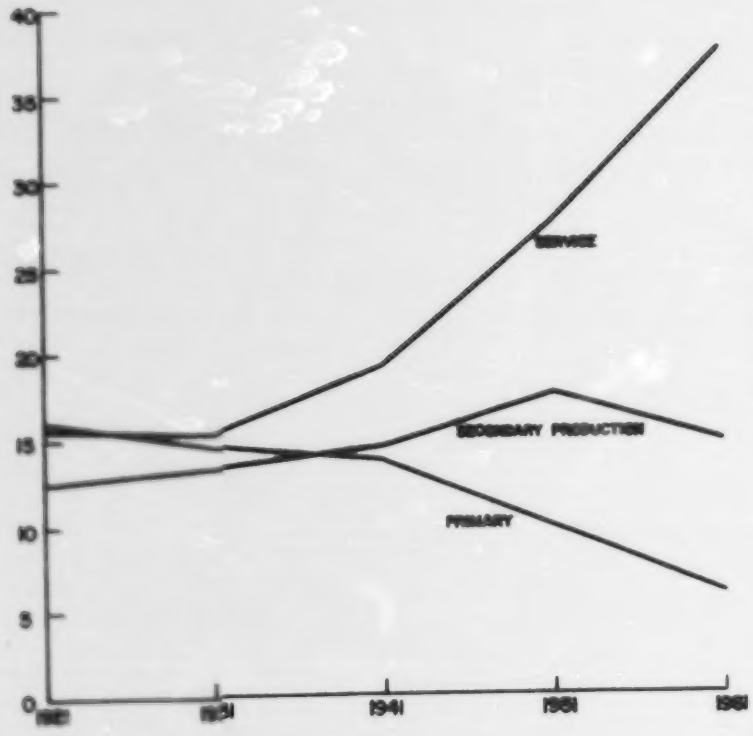
Source: See Table 9.

Notes: 1. Primary Production includes agriculture, fishing, trapping and forestry.

2. Secondary Production includes mining, manufacturing, and construction.

3. Services include transportation, communication and public utilities, trade, finance, insurance and real estate, and community, professional, personal, government, and recreation.

FIGURE 5
DISTRIBUTION OF THE LABOUR FORCE
BY SECTOR
NOVA SCOTIA
(THOUSANDS OF PERSONS)
(1921—1961)



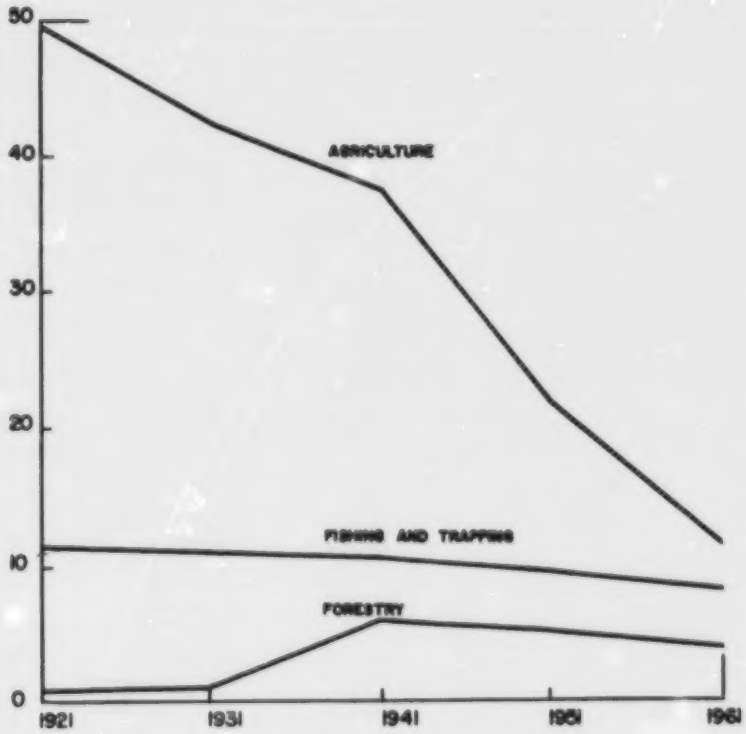
Source: D.B.S. Census of Canada 1921 — 1961. See table 5

TABLE 7 - DISTRIBUTION OF THE LABOUR FORCE IN PRIMARY PRODUCTION, NOVA SCOTIA, 1921-1961

YEAR	1921	1931	1941	1951	1961
Agriculture	49,246	43,829	37,597	23,331	12,038
Per cent of total	26.5	24.2	19.7	10.6	5.1
Forestry	2,437	2,527	6,538	5,913	4,296
Per cent of total	1.3	1.4	3.4	2.7	1.8
Fishing and Trapping	12,381	11,643	10,849	9,769	7,493
Per cent of total	6.7	6.4	5.7	4.4	3.2
Total labour force	185,556	180,894	190,973	220,806	236,819
Per cent of total	100.00	100.00	100.00	100.00	100.00

Source: See Table 5.

FIGURE 6
DISTRIBUTION OF THE LABOUR FORCE
IN PRIMARY PRODUCTION
NOVA SCOTIA
(THOUSANDS OF PERSONS)
(1921 — 1961)



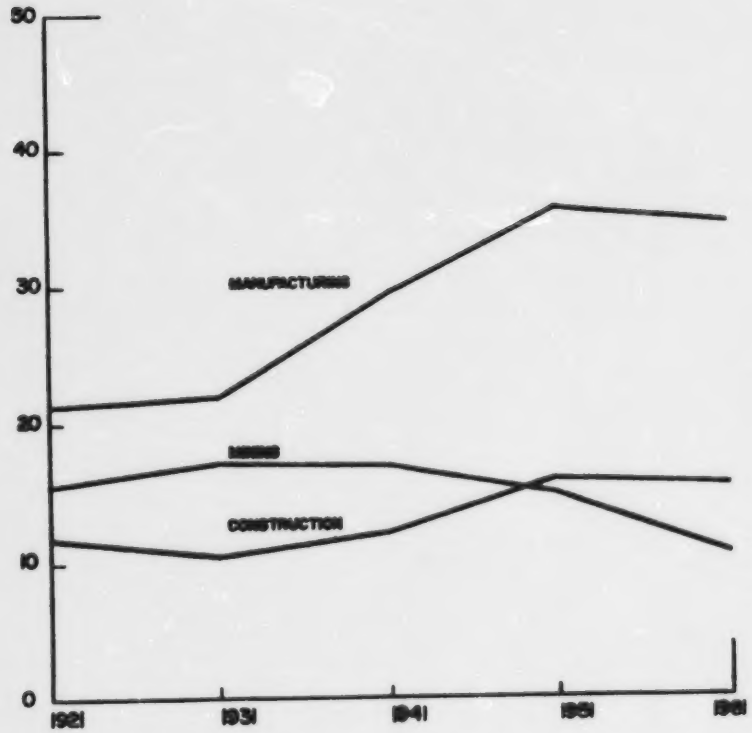
Source : Table 7

TABLE 8 - DISTRIBUTION OF THE LABOUR FORCE IN SECONDARY PRODUCTION, NOVA SCOTIA, 1921-1961

YEAR	1921	1931	1941	1951	1961
Mining	15,390	16,979	16,791	15,570	10,108
Per cent of total	8.3	9.4	8.8	7.1	4.3
Manufacturing	22,234	23,692	29,118	36,929	34,081
Per cent of total	11.98	13.1	15.2	16.7	14.4
Construction	11,836	10,467	12,549	16,392	15,524
Per cent of total	6.4	5.8	6.6	7.4	6.6
Total labour force	185,586	180,894	190,973	220,806	236,819
Per cent of total	100.00	100.00	100.00	100.00	100.00

Source: See Table 5.

FIGURE 7
DISTRIBUTION OF THE LABOUR FORCE IN SECONDARY PRODUCTION NOVA SCOTIA
(THOUSANDS OF PERSONS)
(1921—1961)



Source: Table 8

Some general observations, comments, and conclusions may be provided on the statistical and graphic material on occupational distributions and redistributions in Nova Scotia since 1921 presented in the preceding pages. It would seem interesting to this author that the aggregative and sectoral employment patterns and trends reveal and reflect the nature of many of the regional economic problems and difficulties experienced by, although perhaps not peculiar to, Nova Scotia.

Of primary importance is the slow rate of growth in the total labour force in Nova Scotia since 1921. By itself, this is often indicative of a region of relative economic retardation, particularly when that region is situated in the midst of more relatively affluent economic areas. Assuming that the natural rate of population growth in Nova Scotia has not deviated abnormally from the national average since 1921, one can only surmise that the volume of out-migration over the period as a whole must have exceeded the volume of in-migration. Although this is a common-enough characteristic in regions experiencing pronounced economic difficulties, its economic consequences and implications may have a profound effect on future economic possibilities. In a province like Nova Scotia where unemployment and underemployment have long been symptoms of economic adversity, out-migration on net is generally considered desirable since income per capita in the province would be

reduced still further if population growth was more rapid. However, some consideration must be given to the effect that out-migration has on the age and sex distribution or composition of the remaining labour force. All too often, skilled, educated, and young individuals, capable of making a really significant contribution to economic growth in their domicile region, are attracted by more lucrative occupations in other regions or areas. In contrast, a relatively depressed economic region only offers attraction for immigrants of little skill and education and possessing small amounts of capital. Net out-migration in this case then may have on balance a detrimental effect on economic growth by retarding economic efficiency and productivity more than it raises the level of real income per capita.

In general, since 1921, employment in all primary industries - agriculture, fishing and trapping and forestry - has been falling in both absolute and relative terms. This downward trend is most remarkable and noticeable in agriculture where an approximately 50,000 labour force in 1921 has been reduced to an estimated 10,000 labour force today. There can be little doubt that as a result of capital introductions, increased mechanization, and important technological changes, productivity per agricultural worker is higher than it was in 1921. In all probability, the value of current agricultural output (properly adjusted for changes in the purchasing power of money) today exceeds that same

value in 1921, even though far less labour is required to yield this output value. However, a real agricultural problem persists in Nova Scotia. Productivity is not as high as it should be, and much good farming land is only being used inefficiently or ineffectually, if at all. Enlightened agricultural policy for Nova Scotia would then seem to involve an admixture of rationalization and partial diversification. This being the case, it might be proposed that employment in agriculture will level out over the next several decades.

Employment in secondary production, comprising mining, construction, and manufacturing, fell over the last decade, while it failed to expand sufficiently during the immediately preceding period. Explanations as far as deficiencies in the growth of employment and productivity in manufacturing have traditionally and currently centered around two sets of ideas. One theory - a deficient resource-market-location theory - suggests that scanty natural and economic resources combined with a noticeable lack of effective demand (markets) for manufacturing products in the Atlantic provinces provides the "internal" region for the paucity of manufacturing establishments that characterizes all Atlantic provinces in general and Nova Scotia in particular. This facet of the theory is then linked with an inappropriate economic location, high transport cost, ultra-regional competitive cost argument, that is, the "external" aspect, to explain why

manufacturing possibilities have been severely restricted in Nova Scotia. The second theory, a less deterministic theory, draws heavily on the first theory for its explanation of manufacturing inadequacies. In this case, it is the lack of entrepreneurial expertise that has proved blatantly and persistently absent. According to this view, resources and opportunities do exist (and have existed), but entrepreneurs are either not available, too conservative, or are too responsive to higher returns in other regions.

It is difficult to determine what future employment trends in manufacturing can be expected. However, it seems reasonable to assume that the downward employment trend in the last decade will be converted into an upward trend during the next decade, even though the upward employment trend may not be very rapid or pronounced.

Finally, specific consideration and attention must be given to the services sector of the Nova Scotian economy, particularly the patterns in employment that have prevailed in that sector since 1921. One interesting and relevant comparison would be to compare the employment contribution of the services sector for Canada over some given time period with that of Nova Scotia for the same period. This has been undertaken in the following table.

TABLE 9 - EMPLOYMENT TRENDS IN THE SERVICES SECTOR FOR CANADA AND NOVA SCOTIA 1921-1961

(Per cent of total labour force)

	1921	1931	1941	1951	1961
CANADA					
A.	28.5	30.2	37.0	36.6	45.8
B.	36.9	37.9	43.4	45.3	55.1
NOVA SCOTIA					
A.	26.1	25.7	30.7	40.1	52.4
B.	33.9	33.9	39.0	49.5	62.9

Source: Tables 1, 10.

A. Excludes transportation, communication and public utilities.

B. Includes transportation, communication and public utilities.

A glance at the above statistics reveals the rapid expansion in employment in the services sector of the Nova Scotian economy, particularly since 1941. In many ways, the factors responsible for this are peculiar to Nova Scotia, and will be disclosed in the pages that follow. What is necessary here is to point out, rather emphatically, that employment in this sector of the economy for Nova Scotia has grown at a much faster rate than for Canada as a whole. Even if employment in transportation, communication and public utilities is ignored, by 1961, more than one-half the Nova Scotian labour force was employed in the creation of services. This in itself is sufficient to justify the proposal that greater attention will have to be given to the services sector in general, and the Nova Scotian services sector in particular in the future.

Although statistics are not available on the income contribution of the services sector of the Nova Scotian economy, there would seem to be ample justification for the opinion that there is a high positive correlation between the employment contribution of the services sector and the income generated by that sector. As indicated in Table 4, in both Canada and the United States, a remarkably high correlation has existed between the services sector's share of the labour force and national income, particularly since the end of World War II when the correlation was almost perfect. If this is

the case, it would seem reasonable to deduce that in percentage terms, the Nova Scotian services sector is responsible for generating the same proportion of provincial income as it provides employment for the labour force. In general then, it is proposed that the Nova Scotian services sector provides employment for approximately three-fifths of the total labour force, while at the same time, it generates approximately the same proportion of provincial income.

Most economists would view the composition and componency of the employment statistics, and the estimate of the services sector's share of provincial income with alarm. They would contend that in terms of the employment (and presumably income) contribution of the services sector of the Nova Scotian economy, expansion has taken place in that sector that is out of all proportion with the other sectors of the economy. In short, they would argue that the services sector has overexpanded relative to the other sectors of the economy. And yet, the view that a healthy economy should comprise some fixed or equal proportion of the number of people employed in, and the income contribution of, each sector seems equally suspect, if not extremely naive. If value judgments are to be avoided, then all that can be stated in this respect is that a current disparity exists between the income contribution and employment importance of the three sectors of the Nova Scotian and Canadian economies. This is not to say however, that this comparative

imbalance is the cause of regional economic difficulties in Nova Scotia. It might just as easily be considered the effect of regional economic retardation in Nova Scotia, as compared with Canada as a whole.

The rapid expansion in employment which has characterized the services sector of the Nova Scotian economy immediately raises certain fundamental questions. In which of the segments of the services sector has employment expanded most rapidly? How has employment expansion in these segments of the services sector compared with the national average? What factors have been primarily responsible for these marked employment increases? Will these factors be operative in the same direction and to the same extent in the future?

In the concluding pages of this chapter, and in the next chapter, an attempt has been made to provide some tentative answers to these important questions. The table on the following page indicates the changes that have taken place in employment in the various segments of the Nova Scotian services sector since 1921.

TABLE 10 - DISTRIBUTION OF THE LABOUR FORCE IN THE SERVICES SECTOR, NOVA SCOTIA, 1921-1961

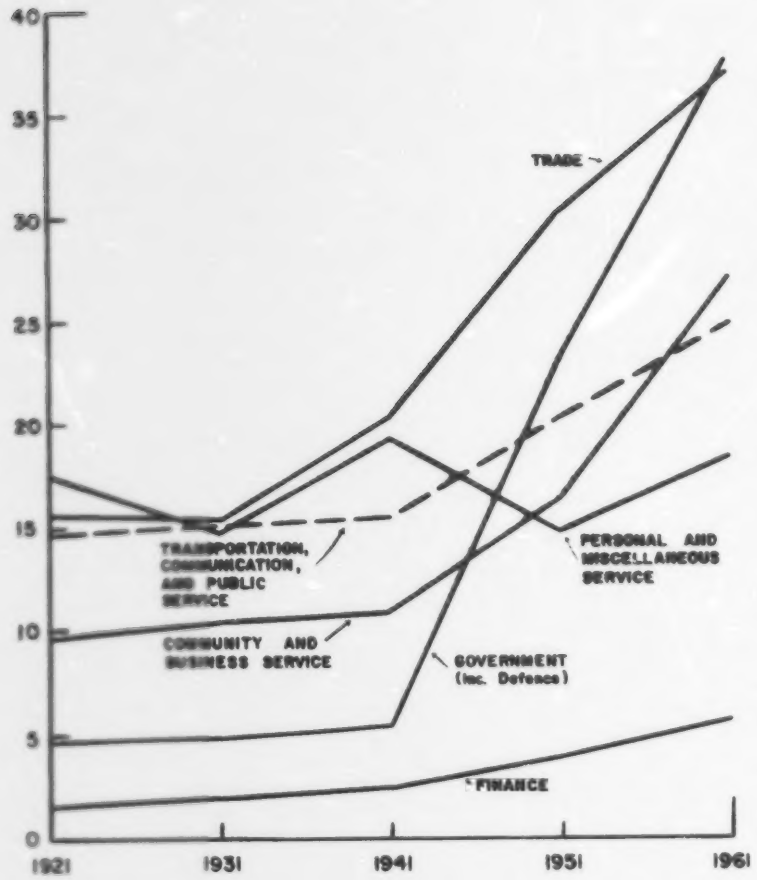
YEAR	1921	1931	1941	1951	1961
Trade	15,462	15,219	20,308	30,069	36,763
Per cent of total	8.3	8.4	10.6	13.6	15.5
Finance	2,049	2,287	2,426	3,559	5,602
Per cent of total	1.1	1.3	1.3	1.6	2.4
Community and Business[1]	9,437	10,690	11,888	18,039	27,259
Per cent of total	5.1	5.9	6.2	8.2	11.5
Personal and Miscellaneous	17,169	13,925	18,470	13,964	17,694
Per cent of total	9.3	7.7	9.7	6.3	7.5
Government[2]	4,353	4,414	5,521	22,890	36,816
Per cent of total	2.3	2.4	2.9	10.4	15.5
Sub-total for service sector proper	48,470	46,535	58,613	88,521	124,184
Per cent of total	26.1	25.7	30.7	40.1	52.4
Transportation, Communication and Public Utilities	14,417	14,870	15,894	20,738	24,962
Per cent of total	7.8	8.2	8.3	9.4	10.5
Total of all Services	62,887	61,405	74,507	109,259	149,146
Per cent of total	33.9	33.9	39.0	49.5	62.9
Total labour force	185,596	180,894	190,973	220,806	236,819
Per cent of total	100.0	100.0	100.0	100.0	100.0

Source: See Table 9.

Notes: 1. Includes theatre and recreational services
2. Includes defence.

FIGURE 8

DISTRIBUTION OF THE LABOUR FORCE
IN THE SERVICES SECTOR
NOVA SCOTIA
(THOUSANDS OF PERSONS)
(1921 – 1961)



Source: Table 10

It is apparent that with the exclusion of the brief reversal of trend in employment in personal and miscellaneous services between 1941 and 1951, employment in all segments of the Nova Scotian services sector expanded over the period from 1921 to 1961. Although the "rate" of employment expansion varied depending on which segment of the services sector is taken into consideration, the graph does indicate that the remarkable employment expansion that has taken place in the services sector of the Nova Scotian economy has not been limited to only a few segments of that sector. At both the sector and segment level, employment increases have been the rule, and only extremely rarely the exception.

Employment growth was most rapid in the trade and government segments of the Nova Scotian services sector over the period from 1921 to 1961. The trend in total government may be somewhat misleading, since defence employment is included in it, and the latter was primarily responsible for the majority of the expansion between 1941 and 1961. However, employment at all levels of governmental administration in Nova Scotia rose between 1921 and 1961 from 3,522 to 9,342[1], indicating that employment expansion within government has by no means been limited to defence.

Slower, but nevertheless substantial,

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[1] See Table 14, page 74.

employment growth has been characteristic in the finance, community and business, transportation, communication and public utilities, and personal and miscellaneous service segments. In every case then, the answer is the same - namely, continuous expansion. In addition, there would seem to be no reason at present why these favourable upward trends should not be expected to continue into the future. In part, this is to be expected merely as a consequence of population expansion over time. However, it goes without saying that expansion in employment in almost every segment of the services sector took place at a rate in excess of general population growth, particularly since increases in natural population growth in the province have been offset to some degree by net out-migration.

In general then, the conclusion regarding future employment possibilities in the services sector in Nova Scotia is an optimistic one. It remains to be determined in the next chapter whether or not this general optimism is uniform with respect to the various segments of the services sector proper.

CHAPTER IV

COMPARATIVE TRENDS IN EMPLOYMENT IN THE SEGMENTS AND SUB-SEGMENTS OF THE SERVICES SECTOR FOR CANADA AND NOVA SCOTIA, 1921-1961

It was pointed out in the last chapter that the services sector of the Nova Scotian economy has traditionally occupied and currently occupies a position of increasing and crucial importance from the standpoint of both income generation and employment provision. It proved necessary and profitable to break down each of the various major sectors - primary, secondary, and services - of the Nova Scotian economy into segments so that employment trends could be analysed more closely and factors influencing the demand for employment in these diverse segments could be independently isolated, explored, and explained. For example, it was discovered that past employment trends in the various segments of the Nova Scotian services sector were generally similar to, or consistent with, the trends that obtained for Canada as a whole, even though in some particular instances, marked variations or deviations were discernible.

In this chapter, another level of disaggregation has been introduced. Since a wide proliferation of heterogeneous services are provided in Nova Scotia, as in most advanced economies, it is possible, indeed requisite, to distinguish subsegments of the various segments of the services sector proper. For example, when it comes to detailed investigation and analysis, even the

government segment of the services sector is too all-encompassing and cumbersome. In consequence, it would appear advisable to distinguish between trends in employment in defence, federal, provincial, and municipal or local government. In distribution, a fundamental distinction must be made between employment trends in wholesaling and retailing. In general then, each segment of the services sector is constituent of many sub-segments which must be identified and explored fully.

The comparative method of analysis has been used throughout this chapter. That is, employment trends in various sub-segments of the services sector for Canada and Nova Scotia have been presented and compared over the same time period. No attempt has been made to conduct a tri-fold comparative investigation by including the "American case". Although there can be little doubt that pronounced similarities do exist in sub-segment employment trends between Canada and Nova Scotia on the one hand, and the United States on the other, a conclusive case has already been developed and stated for the employment similarities that do obtain.

In the following pages, four segments of the services sector have been identified; namely, distribution, government, the ancillary services, and the financial institutions. In each case, these segments have been divided into a number of sub-segments, and employment trends in these sub-segments

have been graphed and compared for Canada and Nova Scotia.

A. EMPLOYMENT IN DISTRIBUTION IN CANADA AND NOVA SCOTIA, 1921-1961

Employment in distribution in Canada and Nova Scotia must be seen from an appropriate perspective. In order to do this, the following table (Table 10A, page 63) has been included and presented for observation and analysis.

Ignoring any statistical, conceptual, and definitional difficulties that might be involved, it can readily be seen that there are relatively (and absolutely) more people engaged in distribution in Canada and Nova Scotia than in agriculture, forestry, fishing, and mining combined, even though people employed in aiding the actual transportation of goods are excluded. This is a rather startling observation and conclusion!

How were these people distributed between the various sub-segments of the distributive segment then; namely between wholesale and retail trading? The following graphic and statistical presentations (See pages 64, 65, 66 and 67) attempt to provide the answer to this important question.

TABLE 10A - EMPLOYMENT IN DISTRIBUTION AND PRIMARY PRODUCTION IN CANADA AND NOVA SCOTIA BY CENSUS YEAR 1921-1961

(As a per cent of total labour force)

Year	Canada		Nova Scotia	
	Primary Production[1]	Distribution[2]	Primary Production	Distribution
1921	36.6%	11.0%	39.0%	8.3%
1931	33.0%	9.9%	41.4%	8.4%
1941	29.3	10.3	32.3	10.6
1951	20.7	13.4	24.7	13.6
1961	14.1	15.3	10.5	15.5

Source: See Tables 1, 10.

Notes: 1. Includes agriculture, forestry, fishing and mining.

2. Excludes transportation, communication, and public utilities.

TABLE 11 - DISTRIBUTION OF THE LABOUR FORCE IN THE DISTRIBUTIVE TRADES, BY CENSUS YEAR, CANADA, 1921-1961

	1921	1931	1941	1951	1961
Retail trade	260,000*	326,773	364,653	514,445	701,606
Per cent of total	83.8	84.3	78.4	72.5	70.8
Wholesale trade	50,439*	61,001	100,309	195,323	289,884
Per cent of total	16.2	15.7	21.6	27.5	29.2
Total in Distribution	310,439	387,774	464,962	709,768	991,490
Per cent of total	100.0	100.0	100.0	100.0	100.0
Employment in Distribution as a per cent of total identified labour force	10.2	10.3	11.2	13.6	15.7

Source: Dominion Bureau of Statistics, Sixth Census of Canada, 1921, Vol. IV, Table VI, p. XV.
Dominion Bureau of Statistics, Occupation and Industry Trends in Canada, Pub. No. SP-8, (Ottawa, 1954), Tables 10 and 11.
Dominion Bureau of Statistics, Census of Canada, 1961, Industries by Sex, Table 1A, p. 1A-1.

* Estimate.

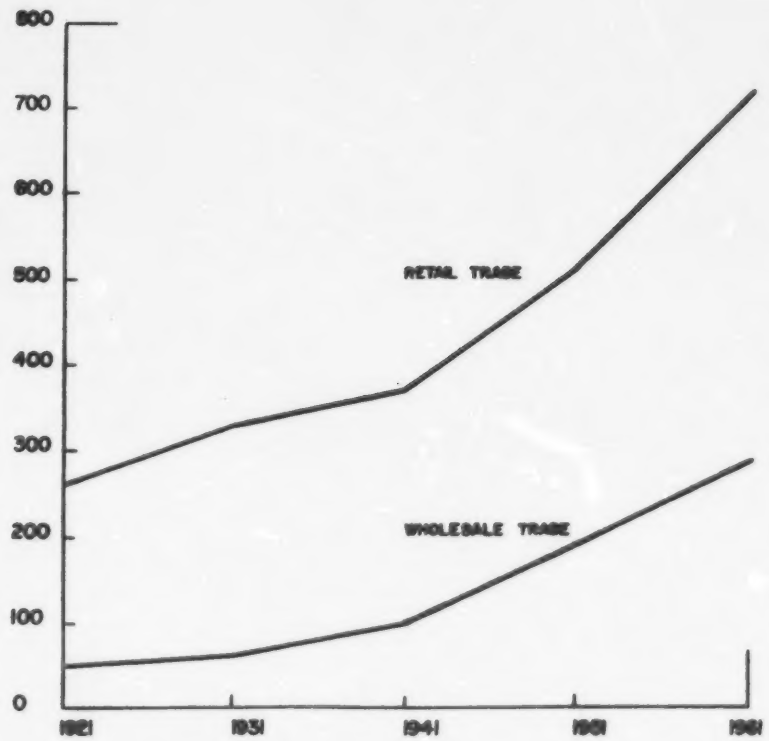
TABLE 12 - DISTRIBUTION OF THE LABOUR FORCE IN THE DISTRIBUTIVE TRADES, BY CENSUS YEAR, NOVA SCOTIA, 1921-1961

	1921	1931	1941	1951	1961
Retail trade	13,000*	13,022	16,223	21,830	27,160
Per cent of total	84.0	85.6	79.9	72.6	73.8
Wholesale trade	2,462*	2,197	4,085	8,239	9,603
Per cent of total	16.0	14.4	20.1	27.4	26.2
Total in Distribution	15,462	15,219	20,308	30,069	36,763
Per cent of total	100.0	100.0	100.0	100.0	100.0
Employment in Distribution as a per cent of total identified labour force	8.8	8.9	10.8	13.8	15.8

Source: Ibid.

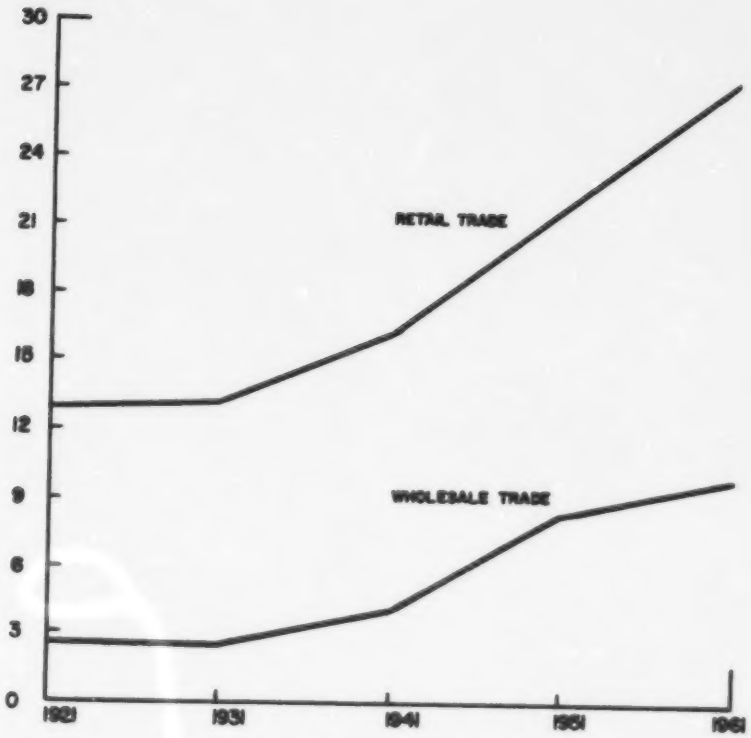
* Estimate.

FIGURE 9
DISTRIBUTION OF THE LABOUR FORCE
IN THE DISTRIBUTIVE TRADES
BY CENSUS YEAR
CANADA
(THOUSANDS OF PERSONS)
(1921 — 1961)



Source : Table II

FIGURE 10
DISTRIBUTION OF THE LABOUR FORCE
IN THE DISTRIBUTIVE TRADES
BY CENSUS YEAR
NOVA SCOTIA
(THOUSANDS OF PERSONS)
(1921—1961)



Source : Table 12.

It is evident that employment in both wholesale - and retail - trading in Canada and Nova Scotia has grown at a rather rapid rate, particularly since 1940. The initial factors affecting not only the number of people employed in distribution, but also to some extent the size of the wholesale-retail establishment would seem to be the average income per capita of the population, the degree of population density, and the rate of population growth.[2] All these economic and demographic variables have grown in Canada at a pronounced rate in this century. Although population and average income per capita in Nova Scotia have not grown at a rate consistent with the Canadian average during the period in question, substantial increases have taken place, particularly with respect to the latter, since the end of the second World War. In consequence, the number of people required to choose, store, display, and sell merchandise in the province has significantly grown, especially in retailing.

An active controversy has recently developed over two important and related issues that may well influence employment policy and prospects in distribution in North America in general, and in Canada and Nova Scotia in particular. In the first place, there would seem to be general and widespread

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[2]Hall, M., Knapp, J., Winsten, C., Distribution in Great Britain and North America, A Study in Structure and Productivity, Oxford University Press, London, 1961, p. 3.

disagreement over the future role of the wholesaler and wholesaling. In the past the wholesaler told the merchant what to sell. He was the kingpin of commerce. The public took what it was offered.[3] Today, in contrast, many experienced authorities think that the days of the wholesaler are relatively numbered, regardless of whether he is only an economic middleman or a kingpin of commerce. The available statistics would not seem to support such a conclusion however. Although there has been a gradual reduction of the number of wholesaling establishments in North America, in terms of the value or volume of business conducted, or the employment required, wholesaling has shown almost uninterrupted expansion. This is the case not only for Canada as a whole, but also for Nova Scotia. Even though some wholesaling establishments have proved financially unprofitable and have been forced into bankruptcy or termination in the province, wholesalers in Nova Scotia are employing more people and are doing more business today than they ever did in the past.

The other controversy involves the supposed tendency for large wholesaling and retailing establishments to "swallow up" the smaller businesses that fail to remain competitive. This argument for increasing concentration and

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[3] Burton, C.L., A Sense of Urgency, Toronto 1952, p. 42.

consolidation is often linked with the belief that the distributive trades are susceptible to large-scale capital introductions that will not only result in a diminution in employment required, but will also mean a cessation in the number of establishments needed to handle future business. Although such tendencies are discernible, they have not proceeded at as pronounced a rate as the economic theory would seem to imply. Capital innovations and improvements have only very slowly taken place in the distributive trades, and many small wholesale and retail outlets offer such a wide proliferation of diverse services that co-existence with large-scale enterprises is not only financially possible and profitable but also economically desirable.

As far as employment possibilities in the distributive trades in Nova Scotia in the future are concerned, the outlook is neither overly optimistic nor unduly pessimistic. It can not be expected that employment in either wholesaling or retailing will expand over the next two decades at the same rate that it expanded over the last two decades. However moderate employment growth in distribution seems entirely reasonable and consistent with the overall general economic and demographic change that is likely to characterize Nova Scotia in the imminent future.

B. EMPLOYMENT IN GOVERNMENT SERVICES IN CANADA AND NOVA SCOTIA, 1921-1961

As indicated in the last chapter, in the 19th and early 20th centuries, by far the majority of western-world economists and diplomats tacitly accepted, in whole or in part, the principles of unrestrained laissez-faire or free enterprise. Consequently, it was believed that government participation in economic life should be confined to the creation and maintenance of public services, such as defence installations, educational facilities, health institutions, and transportation and communication networks, where private initiative had proven deficient, either because of the considerable gestation period involved in the completion of some of these projects, or because of the high capital costs that must be incurred in the initial stages of their construction. Synonymous with this view was the opinion that there was a fundamental harmony in the economic order, an order in which inevitable, although sometimes lethargic, inherent forces were at work tending to rectify adverse tendencies, and consequently to provide stability and equilibrium to the economic system. In the laissez-faire economic system then, employment in government services was minimal or negligible. Today, all this has changed, as the following statistics and graphs sufficiently demonstrate.

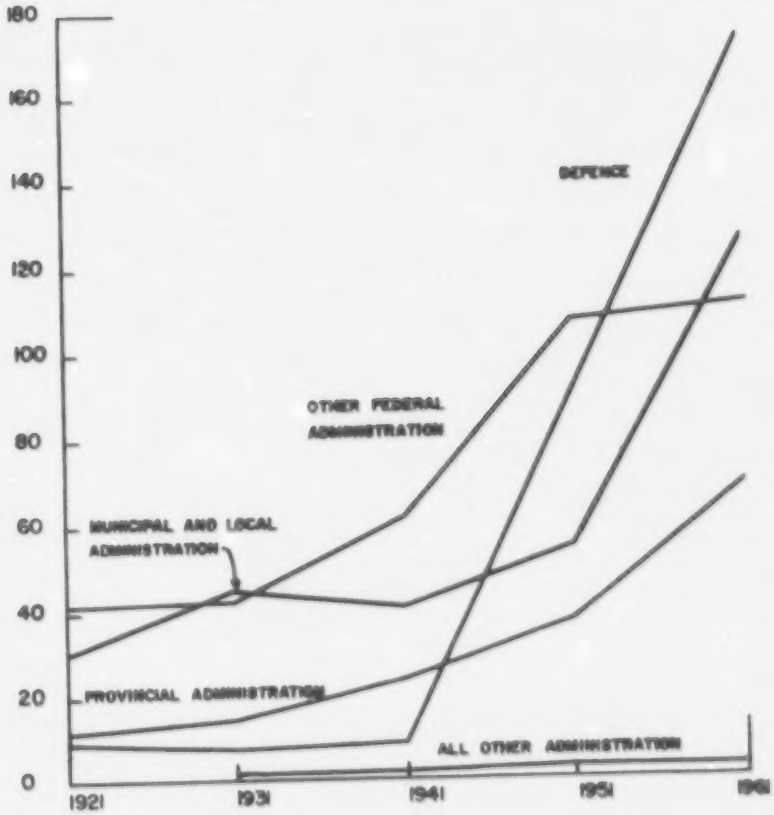
TABLE 13 - DISTRIBUTION OF THE LABOUR FORCE IN THE GOVERNMENT SERVICES, BY CENSUS YEAR, CANADA, 1921-1961

	1921	1931	1941	1951	1961
Federal Administration	49,193	51,459	71,214	208,290	284,953
Per cent of total	52.0	45.2	51.9	68.5	59.0
*Defence	(7,573)	(6,082)	(9,000)	(101,275)	(173,029)
Per cent of total	(8.0)	(5.4)	(6.5)	(33.3)	(35.8)
*Other Federal Administration	(41,620)	(45,377)	(62,214)	(107,015)	(111,924)
Per cent of total	(44.0)	(39.8)	(45.4)	(35.2)	(23.2)
Provincial Administration	11,500	14,000	23,087	37,078	68,761
Per cent of total	12.2	12.3	16.8	12.2	14.2
Municipal and Local Administration	33,848	47,961	41,971	53,347	123,729
Per cent of total	35.8	42.1	30.7	17.5	25.7
All other administration	-	467	847	5,559	5,482
Per cent of total	-	.4	.6	1.8	1.1
Total Government Services	94,541	113,887	137,119	304,274	482,925
Per cent of total	100.0	100.0	100.0	100.0	100.0
Government services as a per cent of total identified Canadian labour force	3.1	3.0	3.3	5.8	7.6

Sources: Dominion Bureau of Statistics, Sixth Census of Canada, 1921, op. cit., Table 4, page 118. (Volume IV Population-Occupations)
Dominion Bureau of Statistics, Occupation and Industry Trends in Canada, op. cit., Tables 10, 11.
Dominion Bureau of Statistics, Census of Canada, 1961, op. cit., pp. 2-11.

* Sub-totals for Federal Administration.

FIGURE II
DISTRIBUTION OF THE LABOUR FORCE
IN THE GOVERNMENT SERVICES
CANADA
(THOUSANDS OF PERSONS)
(1921—1961)



Source: Table 13

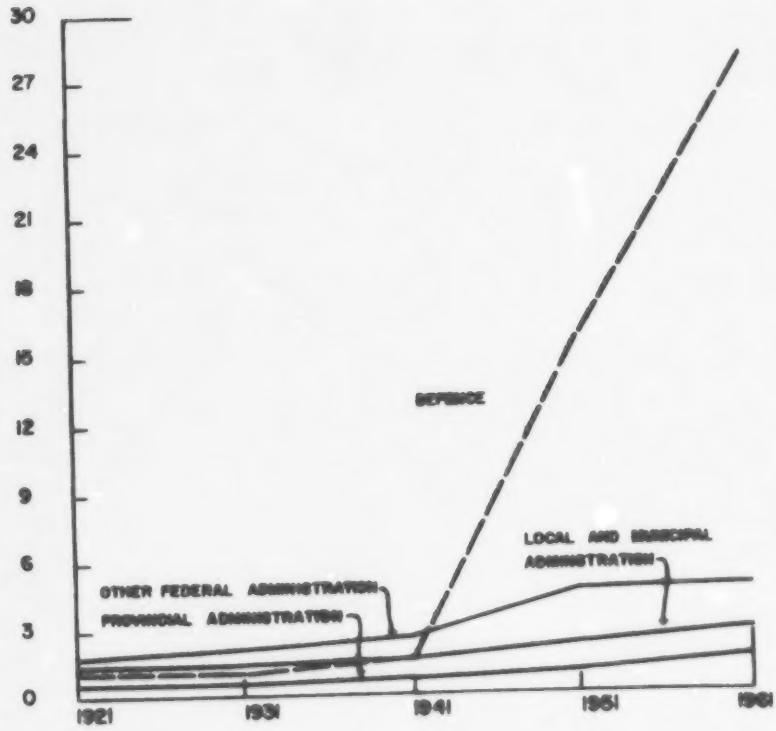
TABLE 14 - DISTRIBUTION OF THE LABOUR FORCE IN THE GOVERNMENT SERVICES, BY CENSUS YEAR, NOVA SCOTIA, 1921-1961

	1921	1931	1941	1951	1961
Federal Administration	2,614	2,704	3,588	19,812	31,907
Per cent of total	60.1	61.3	65.0	86.6	86.7
*Defence	(831)	(882)	(1,200)	(15,376)	(27,474)
Per cent of total	(19.1)	(20.0)	(21.7)	(67.2)	(74.6)
*Other Federal Administration	(1,783)	(1,822)	(2,388)	(4,436)	(4,433)
Per cent of total	(41.0)	(41.3)	(43.3)	(19.4)	(12.1)
Provincial Administration	432	484	674	1,269	1,975
Per cent of total	9.9	11.0	12.2	5.5	5.4
Municipal, Local and Other Administration	1,307	1,226	1,259	1,809	2,934
Per cent of total	30.0	27.7	22.8	7.9	7.9
Total in Government Services	4,353	4,414	5,521	22,890	36,816
Per cent of total	100.0	100.0	100.0	100.0	100.0
Government services as a per cent of total identified Nova Scotian labour force	2.5	2.6	2.9	10.5	15.8

Sources: Dominion Bureau of Statistics, Sixth Census of Canada, 1921, op. cit., Table 4, page 160. (Volume IV, Population-Occupations).
Dominion Bureau of Statistics, Occupation and Industry Trends in Canada and the Provinces, op. cit., Tables 10, 11.
Dominion Bureau of Statistics, Census of Canada, 1961, op. cit., pp. 2-11.

*Sub-totals for Federal Administration.

FIGURE 12
DISTRIBUTION OF THE LABOUR FORCE
IN GOVERNMENT SERVICES
NOVA SCOTIA
(THOUSANDS OF PERSONS)
(1921—1961)



Source : Table 14.

The basic changes that have taken place in the economic philosophy surrounding the role of governmental participation and intervention in economic life during the last several decades have resulted in a substantial alteration in the balance of public and private economic power, as well as in the contribution that the public sector makes to employment, expenditure, and income for the nation as a whole. In addition to providing employment for an increasing percentage of the national labour force, the various levels of government in Canada have further contributed to economic growth and expansion in Canada by investing heavily in durable capital assets and by paying wages and salaries to their employees in particular, and supplementary income and benefits to the public in general.

At the Canadian level, employment in defence since 1940 has expanded at an unusually rapid rate. The reason for this is perhaps obvious enough. Moreover, employment in defence has continued to expand extremely rapidly since the end of World War II due to the continuation or perpetuation of ideological conflicts between the Soviet and Non-Soviet worlds. More obscure, although just as relevant, are the significant upward employment trends that have characterized all levels of government in Canada over the past several decades. Although it would seem doubtful whether this remarkable rate of employment expansion can be expected to continue well into the future, it goes without

saying that employment possibilities in government defence and administration will be moderately favourable over the next several generations, particularly at the municipal and local levels.

At the Nova Scotian level, employment has also expanded rapidly in defence and administration, particularly since 1940. For anyone acquainted with the economic, political, and military peculiarities of Nova Scotia, the unprecedented expansion of defence employment from 1940 will seem neither remarkable nor unexpected. However, it would seem virtually impossible to overstate the employment and income contribution that the armed forces make generally to the Halifax-Dartmouth area in particular, and to Nova Scotia in general. For example, contemplate the full economic significance and ramifications of the following!

> "The Atlantic Command of the Royal Canadian Navy pays out one million dollars a week in wages alone to its serving men and to the civilians who keep the ships at sea. Most of this goes back into the community. Landlords get a share of it, grocers, fuel companies, department stores, the milkman, baker, car dealer, furniture salesman, dry-cleaner ... all the tradesmen make a profit from selling to navy men, their wives and families. And this isn't all. The Navy spends another million dollars a week in supplies, maintenance and similar services and another

> considerable amount in construction ordered by the Defence Production Department. Then too, many navy ships are repaired in Halifax and Dartmouth, providing work and wages for the people of the city. All in all, it adds up to quite a sum each week. In fact, a survey shows that out of every three dollars changing hands in the Halifax-Dartmouth area, one is provided by the Navy. Altogether, counting the men, their families, civilian employees, forty thousand people of greater Halifax depend entirely on the Navy for their living. And one last thought ... they are mostly taxpayers. They may not be Haligonians, or even Nova Scotians by birth, but, with their spending and their taxes, they make a sizeable contribution to the economy of the region, and ease the burden that otherwise would be borne entirely by the civilians ... One man we spoke to, the manager of a supermarket, put the matter into one pithy phrase ... 'When it's payday for the navy, its payday for Halifax and Dartmouth.'"[4]

Although perhaps the most important, Navy expenditures and employment provide only one indication of the substantial contribution that the armed forces make to economic growth and development in Nova Scotia. Lesser, although significant,

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[4]C.B.C. Television Broadcast, "Forces Spending", Curtis, p. 1-2.

contributions are made by the Air Force and Army expenditures and employment. As far as employment specifically is concerned, it is difficult to speculate with respect to possible future trends in defence. Employment policy in this area is determined by a number of rather unpredictable factors that lie outside the realm of the economic and the demographic. However, there does seem to be ample justification for the presumption that employment in defence in Nova Scotia will not expand at a rate in the next several decades consistent with that rate of expansion in the immediate past, if it expands at all!

Employment expansion has also taken place within the federal, provincial, municipal and local branches of government as the graph on the preceding page indicates. Although this employment expansion has not been as spectacular or as important relatively as that in defence, it nevertheless is indicative of the increasing number of responsibilities and obligations that governments in Nova Scotia are accepting. However, increased responsibilities and commitments imply that more people will be required and will have to be trained in the future. Although employment opportunities would appear to be favourable for all levels of government in general within the province, it should be pointed out specifically that they would seem to be more favourable at the provincial, municipal and local levels than they would at the federal level, particularly since there

is some evidence that federal employment policy in both Canada and Nova Scotia will be more stringent in the future than it has been in the past.

C. EMPLOYMENT IN THE ANCILLARY SERVICES FOR CANADA AND NOVA SCOTIA, 1921-1961

Previous reference has been made to the heterogeneous nature of what has been called, for lack of a better name, the "ancillary" services. This phenomenon inevitably creates two distinct problems. In the first place, it is difficult to identify and classify, in a meaningful and measureable way, the people that are responsible for providing these services. In many cases, these people are self-employed and consequently retain some measure of independence that makes statistical classification arbitrary and statistical collection difficult, if not totally impossible. In other cases, employment in these services is seasonable, casual, or part-time which tends to add significantly to the statistical complexities. The second problem concerns the difficulty of attempting to discover the factors that affect the demand for employment in these services. Usually a multiplicity of diverse factors influence employment demand for these services, and very often, these factors have proven susceptible to rather erratic change. In consequence, in the past, employment trends in this area of the service sector have been somewhat volatile so that the possibility of future prediction is often severely restricted.

The ancillary services are really constituent of two rather well-defined groups, including the community, professional, and business services on the one hand, and the personal, domestic, and miscellaneous services on the other hand. Consideration can be given to each of these categories separately.

COMMUNITY, BUSINESS AND PROFESSIONAL SERVICES

In any economic area or region, a wide range of community, business and professional services, such as health, education, accountancy, advertising, legal, and religious are usually offered to, or provided for, the general public. In fact, in most areas of the western world, these services, at one time no doubt considered as luxuries, are now expected as necessities. It is not suprising then, particularly with the economic development and advancement that has characterized this century, that the number of people providing these services has expanded at a remarkable rate. This is true not only for Canada as a whole, but also for Nova Scotia as a specific region within Canada. Evidence to this effect is borne out in the tables and graphs that have been provided and presented in the following pages.

T7
A2

TABLE 15 - DISTRIBUTION OF THE LABOUR FORCE IN THE COMMUNITY, BUSINESS AND PROFESSIONAL SERVICES, CANADA, 1921-1961

(As a per cent of total labour force in the above-mentioned services)

	1921	1931	1941	1951	1961
Accountancy	1,468	4,594	5,184	10,811	18,586
Per cent of total	.8	1.9	1.9	2.6	2.4
Advertising	-	3,290	3,402	5,132	8,657
Per cent of total	-	1.3	1.2	1.2	1.1
Education	63,970	106,332	110,946	143,851	266,901
Per cent of total	33.9	42.8	40.2	33.9	34.5
Health	36,299	68,539	90,047	154,229	307,433
Per cent of total	19.1	27.6	32.6	36.4	39.7
Law	8,529	14,911	12,842	15,569	24,896
Per cent of total	4.5	6.0	4.6	3.7	3.2
Religion	27,038	23,360	31,052	38,165	53,130
Per cent of total	14.3	10.6	11.2	9.0	6.9
Other Community and Business Service[1]	51,894	24,193	22,761	56,003	94,953
Per cent of total	27.4	9.7	8.2	13.2	12.2
Total labour force in Community and Business Service	189,198	248,219	276,234	423,760	774,556
Per cent of total	100.0	100.0	100.0	100.0	100.0

Sources: Dominion Bureau of Statistics, Sixth Census of Canada, 1921, op. cit., Table 4, pp. 116-118.
Dominion Bureau of Statistics, Occupation and Industry Trends in Canada, op. cit., Tables 10, 11.
Dominion Bureau of Statistics, Census of Canada, 1961, op. cit., pp. 2-11.

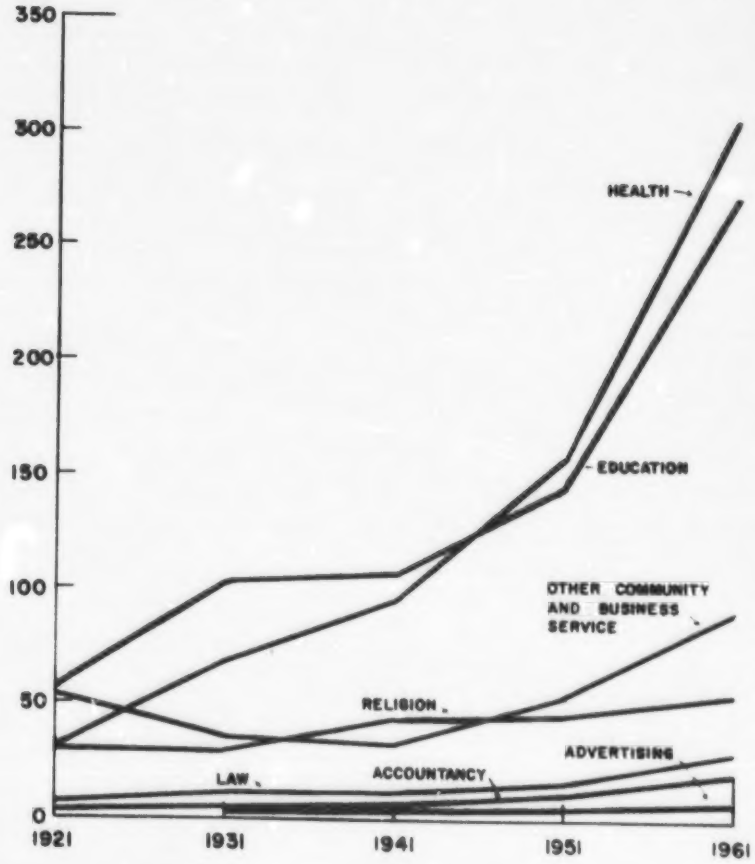
Note: 1. Includes engineering and scientific services, other services to business management, and motion picture and recreational services.

FIGURE 13

DISTRIBUTION OF THE LABOUR FORCE IN COMMUNITY AND BUSINESS SERVICES CANADA

(THOUSANDS OF PERSONS)

(1921 – 1961)



Source: Table 15

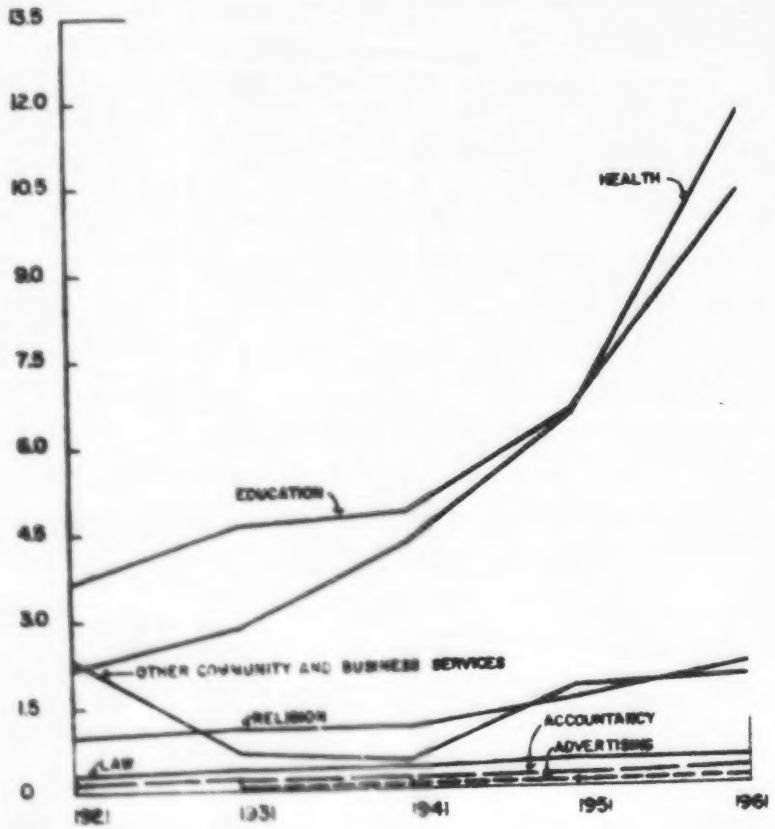
TABLE 16 - DISTRIBUTION OF THE LABOUR FORCE IN THE COMMUNITY, BUSINESS AND PROFESSIONAL SERVICES, NOVA SCOTIA, 1921-1961

(As a per cent of total labour force in these services)

	1921	1931	1941	1951	1961
Accountancy	42	81	126	278	433
Per cent of total	.5	.8	1.1	1.6	1.6
Advertising	-	43	37	28	75
Per cent of total	-	.4	.3	.2	.3
Education	3,702	4,678	4,903	6,603	10,421
Per cent of total	39.2	46.1	42.9	38.7	38.2
Health	2,050	2,886	4,168	6,437	11,725
Per cent of total	21.7	28.5	36.5	37.7	43.0
Law	331	419	388	447	560
Per cent of total	3.5	4.1	3.4	2.6	2.1
Religion	1,035	1,268	1,251	1,574	2,079
Per cent of total	11.0	12.5	11.0	9.2	7.6
Other community and business services	2,277	763	543	1,702	1,966
Per cent of total	24.1	7.5	4.8	10.0	7.2
Total labour force in community and business service	9,437	10,138	11,416	17,069	27,259
Per cent of total	100.0	100.0	100.0	100.0	100.0

Sources: Dominion Bureau of Statistics, Census of Canada, 1921.
Dominion Bureau of Statistics, Occupation and Industry Trends in Canada, op. cit., Tables 10, 11.
Dominion Bureau of Statistics, Census of Canada, 1961. "Labour Force, by Industry and Sex", op. cit., Table 1A, pp. 1A-1 to 1A-11.

FIGURE 14
DISTRIBUTION OF THE LABOUR FORCE
IN THE COMMUNITY
AND BUSINESS SERVICES
NOVA SCOTIA
(THOUSANDS OF PERSONS)
(1921—1961)



Source : Table 16

In both Canada and Nova Scotia, trends in employment in the community business, and professional services were extremely similar. In both cases, employment in education and health led the way, and consequently accounted for a major portion of the increased employment that characterized that particular segment of the service sector. As the level of real income per capita rose in both regions an increasing proportion of economic resources were diverted and devoted to the provision of more and presumably better health and educational facilities, which, in turn, resulted in an increased demand for, and supply of, qualified people willing to accept obligations and responsibilities in the institutions providing these services.

As far as future employment opportunities in health and education are concerned, there would appear to be grounds for moderate optimism, either for Canada in general or for Nova Scotia in particular. The demand for employment in these specific services would appear to be primarily a function of increases in the level of per capita income, the rate of population expansion, and the relative shift in values between material accumulation on the one hand, and interest in the acquisition and pursuit of knowledge and in the establishment of minimum standards of health and sanitation on the other hand. The rate of expansion in all these factors has been significant and substantial recently, and there would seem to be no reason why these

rates of expansion would not obtain for some time in the future.

In contrast, little can or need be said about past employment trends and future employment possibilities in the other community, business, and professional services. In the past, employment in such services as religion, law, accountancy and advertising has been steadily rising at a rather constant rate, and since many of the same factors determine the demand for employment in these services as determine the demand of employment in education and health, it may be expected that this consistent upward trend in employment will not be drastically interrupted or substantially altered in the near future.

PERSONAL, DOMESTIC, AND MISCELLANEOUS SERVICES

With the exclusion of employment trends in private householding services, employment trends in the personal, domestic, and miscellaneous services have been consistently upward since 1921, as is indicated in the following presentations.

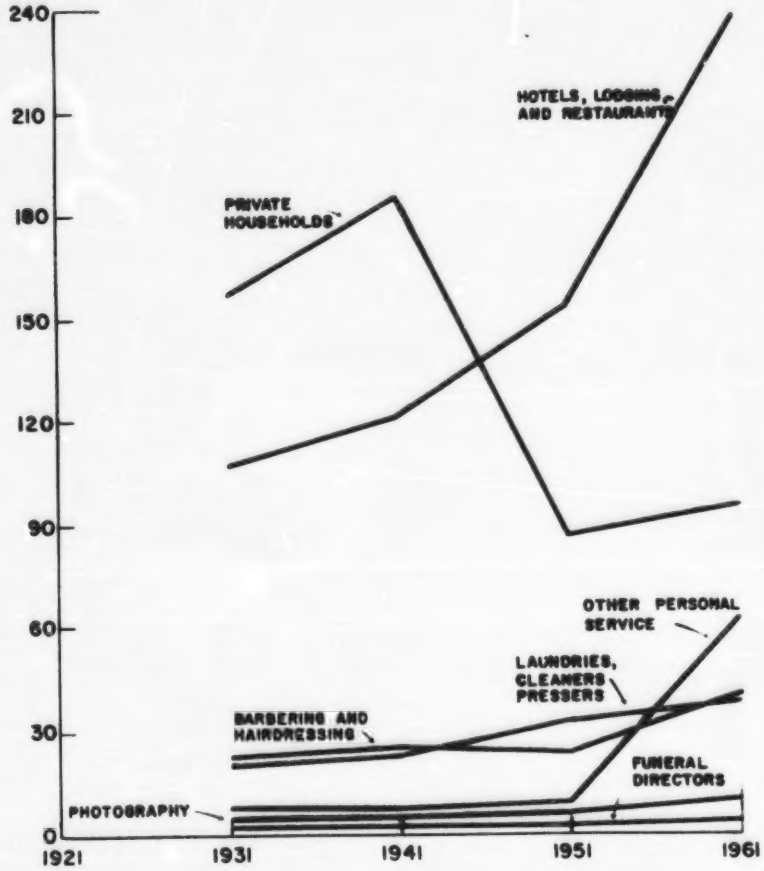
TABLE 17 - DISTRIBUTION OF THE LABOUR FORCE IN THE PERSONAL, DOMESTIC, AND MISCELLANEOUS SERVICES, CANADA, 1921-1961

(As a per cent of total labour force in these services)

	1931	1941	1951	1961
Barbering and Hairdressing	23,209	25,965	23,772	41,705
Per cent of total	7.2	7.1	7.6	8.5
Private Households	158,373	186,218	83,012	98,343
Per cent of total	49.1	50.9	26.4	20.1
Laundries, Cleaners, Pressers	20,482	22,723	33,780	39,580
Per cent of total	6.4	6.2	10.8	8.1
Hotels, Lodging and Restaurants	107,028	120,320	155,452	238,941
Per cent of total	33.2	32.9	49.5	48.9
Photography	2,850	3,499	4,669	5,908
Per cent of total	.9	.9	1.5	1.2
Funeral Directors	1,878	2,398	2,964	3,744
Per cent of total	.6	.6	.9	.8
Other personal services	8,643	5,066	10,213	60,585
Per cent of total	2.7	1.4	3.3	12.4
Total of personal and miscellaneous services	322,470	366,189	313,862	488,806
Per cent of total	100.0	100.0	100.0	100.0

Sources: Same as for Table 15.

FIGURE 15
DISTRIBUTION OF THE LABOUR FORCE IN PERSONAL, DOMESTIC, AND MISCELLANOUS SERVICES CANADA
(THOUSANDS OF PERSONS)
(1931 – 1961)



Source: Table 17

TABLE 18 - DISTRIBUTION OF THE LABOUR FORCE IN THE PERSONAL, DOMESTIC, AND MISCELLANEOUS SERVICES, NOVA SCOTIA, 1921-1961

(As a per cent of total labour force in these services)

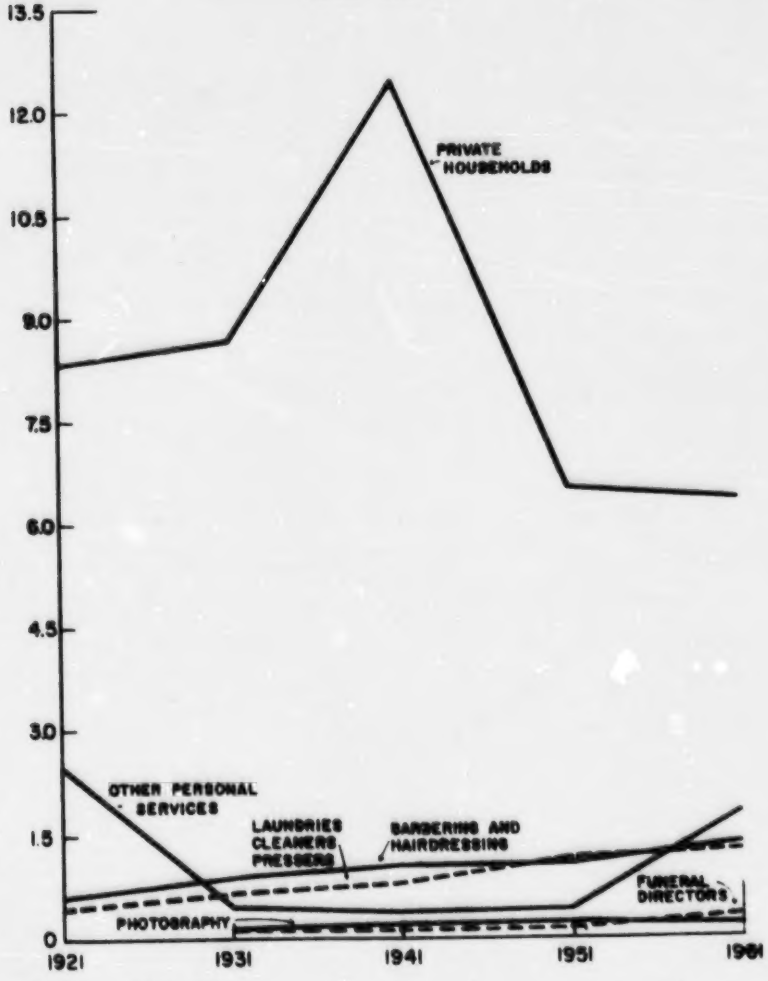
	1921[1]	1931	1941	1951	1961
Barbering and Hairdressing	589	755	976	996	1,428
Per cent of total	3.4	5.4	5.3	7.1	8.1
Private households	8,278	8,606	12,510	6,526	6,297
Per cent of total	48.2	61.8	67.7	46.7	35.5
Laundries, Cleaners, Pressers	470	547	796	1,067	1,160
Per cent of total	2.7	3.9	4.3	7.6	6.6
Hotels, Lodging and Restaurants	5,285	3,438	3,781	4,759	6,538
Per cent of total	30.8	24.7	20.6	34.1	37.0
Photography	-	96	133	178	143
Per cent of total	-	.7	.7	1.3	.8
Funeral Directors	61	84	119	133	190
Per cent of total	.4	.6	.6	1.0	1.1
Other personal services, and miscellaneous	2,486	399	155	305	1,938
Per cent of total	14.5	2.9	.8	2.2	10.9
Total personal, domestic and miscellaneous services	17,169	13,925	18,470	13,964	17,694
Per cent of total	100.0	100.0	100.0	100.0	100.0

Sources: Same as for Table 16.

Note: 1. Rough estimate - statistical classification not comparable.

FIGURE 16

DISTRIBUTION OF THE LABOUR FORCE
IN PERSONAL, DOMESTIC AND
MISCELLANEOUS SERVICES
NOVA SCOTIA
(THOUSANDS OF PERSONS)
(1921 – 1961)



Source : Table 18

Several interesting observations may be made with respect to employment in personal, domestic and miscellaneous services in Nova Scotia. In the first place, whereas for the total Nova Scotian labour force in 1961, the male-female componency was 75-25 per cent respectively, when it came to employment in the above-mentioned services, the relationship was almost reversed, since the male-female componency was 27-73 per cent respectively.[5] This is perhaps not overly surprising since many of the institutions providing or requiring these services, such as private householding, hairdressing, drying, cleaning and pressing, hotels, restaurants and lodgings, rely heavily on female labour. However, in combination with the financial institutions, it does seem to indicate where a large portion of the recent increase in female employment is concentrated. In addition, many of these services can be performed on a part-time basis and with little formal training. Consequently, it represents an ideal location for many single women, or for married women who are only interested in working on a seasonal or part-time basis.

Secondly, a sharp reversal of trends is evident in private household employment in Canada and Nova Scotia when the period from 1931-1941 is compared with the period from 1941 to 1951. This is

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[5] Computed from the statistics provided in Appendix 2.

indicative of the remarkable change in the structure and functioning of the family which was characteristic of that particular period. In the latter period the large diminution in private household employment suggests that many routine personal services which were "formerly handled by domestics are now being carried out by persons in their own homes partly with improved mechanical aids and sometimes with increased part-time help".[6] There can be little doubt that technological developments have greatly reduced the time required and the effort necessary for the performance of routine household tasks, and this tendency will presumably be carried well into the future.

By far the most important factors operating to determine the demand for employment in the personal, domestic, and miscellaneous services are the demographic and the economic. Of course, the magnitude or intensity of these factors varies with which particular service or group of services is being considered. For example, while the demand for employment in laundries, cleaners and pressers, funeral establishments, and barbering and hairdressing would appear to be primarily a function of the demographic, that is, the rate of population growth, the demand for employment in such fields as

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[6] Royal Commission on Canada's Economic Prospects, The Service Industries. Op. cit., p. 111.

photography, private households and restaurants would seem to depend as much or more on the level on income per capita as it would on population expansion. In each case, however, the resultant demand for employment is a derived demand since it is ultimately determined indirectly by consumer demand for the services in question.

In consideration of the rapid transformation of values that is characteristic of this generation, it is difficult to predict what factors will influence the demand for employment for these services in the future. There is some consistency and thereby predictability to the demographic and economic factors referred to earlier, but it is perhaps too early to determine the nature and extent of other factors that might very well be operative in the market for female labour in Canada and Nova Scotia in the near future. However, one thing seems certain. Employment prospects in these services may not expand in proportion to the increasing number of women that will be seeking work of this type. In short, the supply of female workers might exceed the demand of these workers, at least at current or normal prices. This being the case, wages paid for these services might very well be pushed down rather than driven up.

D. EMPLOYMENT IN FINANCIAL INSTITUTIONS IN CANADA AND NOVA SCOTIA, 1921-1961

In any highly developed economy, financial

institutions or intermediaries have primarily a dual and indispensible role to perform. On the one hand, they supply the general public with a wide diversity of necessary financial services. On the other hand, they facilitate the effective transfer of funds from the people who are interested in saving to the people who indicate an interest or preference for investing in the various opportunities or activities that emerge in any region or area over time.

For purposes of this report, such institutions as banks, insurance, investment, real estate, trust and loan companies, credit unions, and similar organizations will be considered as financial intermediaries. Employment in these institutions may initially be considered as a function of the level of saving in the economy, the extent of profitable investment opportunities, and the rate of population expansion. The following tables and graphs then indicate how employment in these institutions has expanded since 1921, on both a Canadian and Nova Scotian basis.

Employment in the financial institutions in Canada and Nova Scotia revealed a progressively marked upward trend over the period under consideration, particularly during the last two decades. In both cases, employment expansion in banking and insurance institutions led the way, although moderate gains were also experienced in the other types of financial institutions, such as investment, loan,

TABLE 19 - DISTRIBUTION OF THE LABOUR FORCE IN THE FINANCIAL INSTITUTIONS, BY CENSUS YEAR, CANADA, 1921-1961

	1921	1931	1941	1951	1961
Banking	28,406	28,810	27,193	47,104	66,000*
Per cent of total	46.4	31.2	30.3	32.7	28.8
Investment and loan	7,440	16,549	12,031	21,762	46,936
Per cent of total	12.1	17.9	13.4	15.2	20.5
Insurance	18,526	39,456	36,036	56,785	85,000*
Per cent of total	30.2	42.8	40.2	39.4	37.2
Real Estate	6,929	7,519	14,420	18,344	30,969
Per cent of total	11.3	8.1	16.1	12.7	13.5
Total of Financial Institutions	61,301	92,334	89,680	143,995	228,905
Per cent of total	100.0	100.0	100.0	100.0	100.0
Employment in Financial Institutions as a Per Cent of total identified labour force	2.0	2.5	2.2	2.8	3.6

Source: Same as for Table 15.

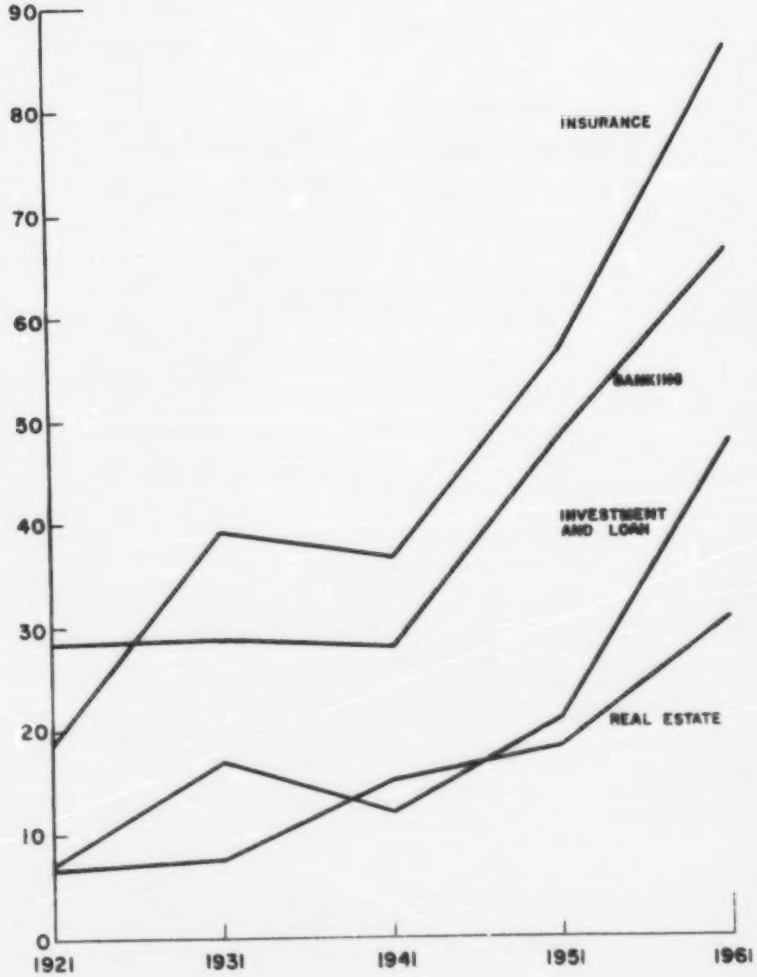
* Rough estimate

FIGURE 17

DISTRIBUTION OF EMPLOYMENT OF THE LABOUR FORCE IN FINANCIAL INSTITUTIONS CANADA

(THOUSANDS OF PERSONS)

(1921 – 1961)



Source: Table 19

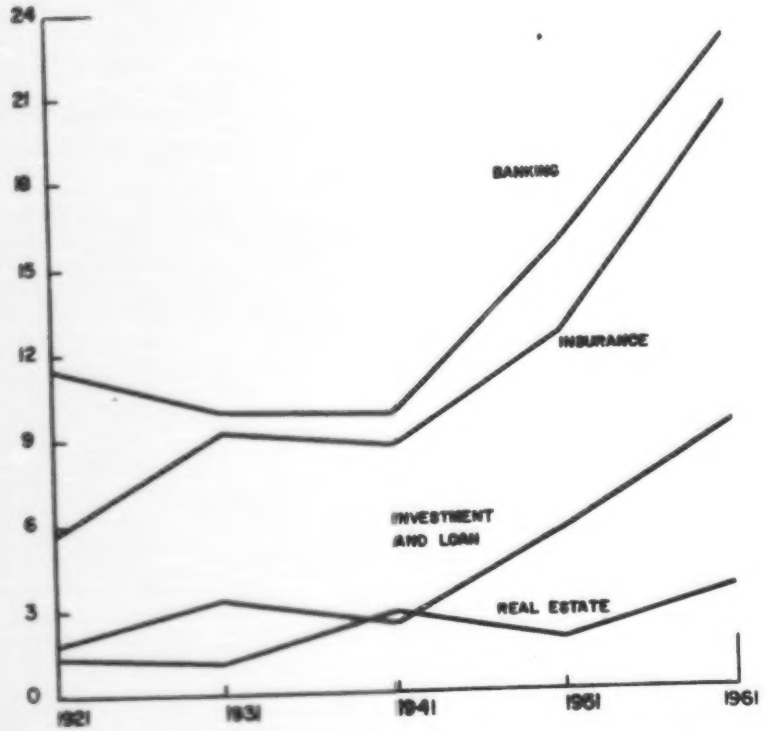
TABLE 20 - DISTRIBUTION OF THE LABOUR FORCE IN THE FINANCIAL INSTITUTIONS, BY CENSUS YEAR, NOVA SCOTIA, 1921-1961

	1921	1931	1941	1951	1961
Banking	1,158	967	990	1,580	2,300*
Per cent of total	56.5	42.3	40.8	44.4	40.7
Investment and loan	173	305	280	531	924
Per cent of total	8.5	13.3	11.5	14.9	16.3
Insurance	564	909	865	1,259	2,028*
Per cent of total	27.5	39.7	35.7	35.4	35.9
Real Estate	154	106	291	189	400
Per cent of total	7.5	4.7	12.0	5.3	7.1
Total of all Financial Institutions	2,049	2,287	2,426	3,559	5,652
Per cent of total	100.0	100.0	100.0	100.0	100.0
Employment in Financial Institutions as a Per Cent of total identified labour force	1.2	1.3	1.3	1.6	2.4

Source: Same as for Table 16.

* Rough estimate

FIGURE 18
DISTRIBUTION OF EMPLOYMENT OF
THE LABOUR FORCE
IN FINANCIAL INSTITUTIONS
NOVA SCOTIA
(HUNDREDS OF PERSONS)
(1921 — 1961)



Source : Table 20

and real estate companies.

As far as Nova Scotia was concerned, although the overall rate of increase in personal income per capita and population lagged somewhat behind the Canadian average over the period from 1921 to 1961, the increases in these variables were still large enough to bring about a multiplication of the number and variety of institutions providing financial services in the province. For example, the number of branch banks in Nova Scotia increased from 126 in 1943 to 178 in 1962.[7] Moreover, not only have the number of branch banks and employment in these branch banks expanded recently in the province, but it is also evident that the banks are presently striving to diversify their services and financial activities. The most noticeable evidence of this is the way the banks have recently and indirectly increased their mortgage activities in Nova Scotia.

Specific information does not appear to be available on the change in the number of insurance institutions operating in Nova Scotia within the last several decades. Some authorities have expressed the opinion that in the past, too many insurance companies have been operative in the province. If this has been true in the past, it would appear to be less true in the present. Within

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[7]Dominion Bureau of Statistics. Canada Year Book, 1962. Ottawa, 1962. p. 1099.

the last several years, there has been a noticeable move toward consolidation and amalgamation of insurance companies and branches in the province. Although this tendency towards increased concentration may prove detrimental to future employment possibilities in these institutions, there can be no doubt that considerable economic advantages will result from greater efficiency, and an increased volume and value of contracts written and premiums paid and invested in the future.

At this juncture in the history of financial institutions in Nova Scotia, two factors would appear to be important and relevant. In the first place, most of the financial institutions in the province have only a small and limited measure of autonomy with respect to the determination of economic and investment policy. This of course, results from the location of most of the head offices of these institutions outside the province. Secondly, historically, Nova Scotia has been a rather marginal investment area. As a result of more rapid growth in other areas, the rate of return on investments in general has proven to be higher in other regions, so that on balance, it is likely that funds collected by financial institutions in this region have been transferred to other regions, and consequently invested in opportunities outside Nova Scotia. However, although it is still perhaps too early to determine, it would appear evident that at present investment, particularly in real estate, is

proving as lucrative in Nova Scotia as it is elsewhere. Perhaps at some point of time in the future, economic growth in Nova Scotia will be sufficient to keep Nova Scotian capital in Nova Scotia, as well as perhaps possibly enticing funds from other regions in Canada!

Finally, it remains to consider possible trends in employment in financial institutions in Nova Scotia in the future. In contrast to some of the services considered previously, capital introductions are a more obvious possibility in the case of financial institutions. However, it is difficult to discern whether capital will be substituted for labour in these institutions, or whether capital will prove complimentary to labour. In general, the capital required in financial institutions is relatively expensive, so that where operations are conducted in a small basis, capital introductions appear less feasible. However, with the passage of time, and the expansion of activities, capital innovations and introductions are inevitable. In the long-run then, capital equipment may be detrimental to employment activities in financial institutions in Nova Scotia. However, in the short-run, there are grounds for greater optimism. Even in places like Toronto and Montreal where the introduction of electronic equipment has proven extremely profitable, employment in financial institutions has risen noticeably. Presumably then, although employees may be displaced in some departments in

financial institutions as a result of capital introductions, the general expansion in the volume of business has enabled them to be transferred to other departments without great inconvenience. This same trend seems to be evident in financial institutions in Nova Scotia. Consequently, one can only conclude that the increasing use of capital equipment will not take place at the expense of existing employment in the financial institutions in Nova Scotia, although presumably it will have an effect on future employment possibilities in these institutions.

CONCLUSION

The proposal that Nova Scotia is a relatively underdeveloped and moderately depressed economic region would probably arouse little heated debate or acrid criticism. However, the reasons for such an undesirable situation have stimulated many active discussions and controversies. Some prefer to place the blame on political injustices or exploitative practices by contending that Nova Scotia has been victim of a maldesigned national policy, or that it has been exploited by other more affluent regions or areas. Others incline to the opinion that strictly economic phenomenon and deficiencies have proved responsible for the province's poor economic showing. For the latter group, resource, market, or entrepreneurial inadequacies, or poor economic location would seem to provide the most satisfactory answer or explanation to this perplexing problem.

Regardless of what particular line of argument is adopted and extended, the fact still remains that an out-migration of labour, a high rate of unemployment, and a net export of capital are symptoms indicative of the relative economic stagnation that has been characteristic of Nova Scotia during most of this century. In part, unemployment results from cyclical forces. Nevertheless, to a significant degree, high unemployment results also from all-embracing structural changes in the

composition of the output of the economy. Employment and unemployment then become related through changes in the nature of occupational redistributions of the growing labour force, which, after all, has been an essential focal point of this report.

Considerable care must be exercised both in the interpretation of, and in the inferences drawn from, the preceding statistical presentations. Disparities in employment by sector do exist between Canada and Nova Scotia. However, these disparities do not necessarily entitle us to deduce causative relationships among the various economic variables. At present, there is nothing in the logic of economic analysis that would enable us to conclude, for example, that the greater percentage of employment in services in Nova Scotia than in Canada is an indication or cause of the lower level of real income per capita that prevails in this province. More often than not, correlation does not imply causation!

With these considerations in mind, it is possible to provide a table illustrating the similarities and dissimilarities in sectoral employment that existed in 1961 for Canada and Nova Scotia. Following this, some observations can be made and some relevant conclusions can be drawn.

TABLE 21 - DISTRIBUTION OF THE LABOUR FORCE ON A SELECTED SECTORAL BASIS, CANADA AND NOVA SCOTIA, 1961

SECTOR	ABSOLUTE NUMBER		PER CENT OF TOTAL IDENTIFIED LABOUR FORCE	
	CANADA	NOVA SCOTIA	CANADA	NOVA SCOTIA
Trade	991,490	36,763	15.70	15.82
Government[1]	482,925	36,816	7.64	15.83
Ancillary Services[2]	1,263,362	44,953	20.01	19.32
Financial Institutions	228,905	5,652	3.60	2.40
Sub-total for Services	2,966,682	124,184	46.95	53.37
Transportation, Communication and Public Utilities	603,286	24,962	9.55	10.73
Primary Production[3]	785,629	23,827	12.44	10.24
Secondary Production[4]	1,957,660	59,710	31.06	25.66
Total Identified Labour Force	6,313,257	232,683	100.0	100.0

Source: Dominion Bureau of Statistics, Census of Canada, 1961. Labour Force - Industries by Sex, Catalogue No.: 94-518 (Vol. III, Part 2), pp. 1A-1-1A-11.

Notes: 1. Includes defence.
2. Includes community, business, professional, domestic, personal, recreational, and miscellaneous services.
3. Includes agriculture, fishing and forestry.
4. Includes mining, manufacturing, and construction.

The information provided in the preceding table may be used in a number of interesting ways. In the first place, it may be used to indicate the employment importance of the Nova Scotian services sector. Secondly, it might be used to deflate some of the ill-informed and misconceived opinions concerning the possibility of an "over-expanded" services sector for Nova Scotia. Finally, it may be used to indicate some of the economic difficulties and idiocyncracies peculiar to Nova Scotia.

This report has been designed to indicate the employment, and by inference and analogy the income, contribution of the services sector of the Nova Scotian economy to the growth of the total economy. This important contribution can neither be challenged nor questioned! As of 1961, more than half of the Nova Scotian labour force was engaged in the creation of useful services, ranging all the way from wholesale and retail trading to financial services. In addition, there is ample justification for expressing the opinion that this sector was responsible for generating more than half of the provincial income during that same year. A conclusive case has therefore been presented. In the future, far greater attention will have to be given to the services sector of the Nova Scotian economy.

For purposes of this study, the services sector has been defined to include trade, government, the ancillary services, and the financial institutions. Moreover, defence employment was

considered to be included as part of government employment. Suppose however, that defence employment was treated as an exogenous rather than an endogenous factor, and thereby excluded from the services sector entirely. The justification for this would be that defence employment is determined by largely political and military considerations, rather than by economic forces. If this is accepted and done, employment in the services sector in Nova Scotia for 1961 was 41.66 of the total identified labour force; whereas for Canada during the same year (and also excluding defence from the government segment of the services sector for Canada), the corresponding figure is 44.21 per cent of the total identified labour force.[1]

This being the case, we can immediately dispense with, or dispose of the contention that the Nova Scotian services sector has over-expanded relative to the other sectors of the economy. Additional weight is then rendered to the Clark-Fisher thesis. Per capita income in Nova Scotia is slightly below the national average, but so also is the percentage of employment in the services sector excluding defence.

Moreover, in view of the fact that most of the head offices of the financial institutions are located in either Ontario or Quebec, and in

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[1]D.B.S. Census of Canada, 1961. Op. cit., pp. 1A-1 - 1A-11.

consideration of the location of the federal government in Ottawa, there is a remarkable consistency in terms of percentage employment in trade, government, the ancillary services, and the financial institutions between Canada and Nova Scotia. The conclusion readily follows then that although the service sector is occupying a position of increasing importance in both Canada and Nova Scotia, there is nothing unique about the services sector of the Nova Scotian economy, especially if it is compared with Canada as a whole.

Finally, it is interesting and revealing to see how these relative employment statistics by segment and sector are indicative of some of the major economic difficulties and problems facing Nova Scotia. For example, the only place where there is a real measure of inconsistency between Canada and Nova Scotia in terms of employment by sector is in the case of secondary manufacturing. When secondary production is defined to include mining, manufacturing, and construction, the employment average for Nova Scotia is much lower than for Canada. In addition, this discrepancy is even further magnified when mining and construction are excluded, and manufacturing is considered in isolation. In this case, employment percentages are 22.25% and 14.65% for Canada and Nova Scotia respectively.[2] The impact of

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[2] D.B.S. Census of Canada, 1961. Op. cit., pp. 1A-1 - 1A-11.

this conclusion that Nova Scotia is suffering from a relatively deficient amount of manufacturing processes is further intensified when it is realized that Canada itself is a relatively deficient manufacturing nation, so that the corresponding figure for Canada might well be below what is required for a more stable economic base.

It is possible to state the crux or essence of the employment problem for Nova Scotia. In the future, it would seem reasonable to expect that a further diminution will take place in primary production, particularly as more capital is applied in production. Without doubt, employment in the services activities will expand, but it is unlikely that they will expand at a rate sufficient to offset the expected diminution in primary production, alleviate the high rate of unemployment characteristic of the province, and provide employment for the province's increasing labour force. Consequently, the majority of this burden will fall on the expansion of manufacturing in the province.

To say however, that the essential economic problem confronting Nova Scotia is the establishment of more manufacturing processes is not to say that the services sector does not pose an economic problem at all, or that it is not an important economic contributor. An extremely good case can be developed for attempting to enhance the quality of the services that are already being provided. In many ways, there is a similarity between

the services in general, and tourism, a particular service. Many European countries have placed tourism extremely high on their list of economic priorities because of the possible income it generates and the employment it provides. There is no reason why high-quality services cannot also act as an equivalent attracting or enticing force, so that expenditure on the services provided in this region or province can be made by people from other provinces in Canada and the states in America. This is applicable then, not only to the existing services, but also to the development of new services.

In conclusion, a word must be said about the importance of conducting detailed studies on independent segments of the services sector of Nova Scotia. In this report, an attempt has been made to set the services sector of the Nova Scotian economy in its appropriate perspective by looking at its importance in relation to the other sectors of the economy. Moreover, only the employment aspects of the services sector were given detailed consideration. If the Nova Scotian services sector is to be properly understood, at some time in the near future, independent studies will have to be conducted on each of the various segments of the services sector of the Nova Scotian economy.

APPENDIX I

LIST OF THE SERVICE ACTIVITIES

TRADE

Wholesale Trade

Food

701 Dairy and Poultry Products

703 Fresh Fruits and Vegetables

705 Groceries

706 Meat and Fish

Other Merchandise

710 Apparel and Dry Goods

712 Drugs and Toilet Preparations

713 Electrical Machinery, Equipment and Supplies

714 Farm Machinery and Equipment

715 Farm Products, n.e.c.

717 Furniture and Housefurnishings

720 Hardware, Plumbing and Heating Equipment

721 Lumber and Building Materials

722 Machinery, Equipment and Supplies, n.e.c.

723 Motor Vehicles and Accessories

724 Optical and Ophthalmic Goods

725 Paper Products and Office Supplies

726 Scrap, Junk and Waste

727 Tobacco and Confectionery

729 Wholesale Trade, n.e.c.

Retail Trade

Food

731 Bread and Pastry

732 Candy and Confectionery

733 Dairy Products

Retail Trade

Food

735 Fresh Fruit and Vegetables

736 Groceries

737 Groceries and Meats

738 Meats

739 Other Foods

General Merchandise

742 Department Stores

747 Variety Stores

749 Other General Merchandise Stores

Automotive Products

754 Automobile Accessories, Tires and Batteries

758 Gasoline, Lubricating Oils and Greases

759 Motor Vehicles

Apparel and Footwear

763 Footwear

765 Men's Clothing

767 Women's and Children's Clothing

769 Clothing and Dry Goods, n.e.c.

Hardware and Building Materials

773 Hardware

775 Lumber, Building Materials and Supplies

Furniture, Housefurnishings and Radios

778 Furniture and Housefurnishings

Other Merchandise

781 Books, News and Stationery

784 Drugs and Drug Sundries

786 Farm Feeds, Seeds and Fertilizers

787 Farm Implements and Equipment

Other Merchandise

789 Flowers

792 Fuel and Ice

793 Jewellery

795 Liquor, Wine and Beer

796 Optical Goods

797 Tobacco, Cigars and Cigarettes

799 Miscellaneous Retail Trade

Finance, Insurance and Real Estate

802 Banking

804 Investment and Loan

806 Life Insurance

808 Non-Life Insurance

809 Real Estate

SERVICE

Community or Public Service

901 Education

903 Health

904 Religion

906 Welfare Institutions

909 Community or Public Service n.e.c.

Government Service

Dominion Government

911 Defence Services

914 Dominion Post Office

916 Other Dominion Government

Other Government

917 Municipal and Other Local Government

918 Provincial Government

919 Other Government Service n.e.c.

Recreational Service

922 Theatres and Theatrical Services

924 Other Recreation Service

Business Service

932 Accountancy

934 Advertising

936 Engineering and Scientific Services

937 Labour Organizations and Trade Associations

938 Law

939 Other Business Service

Personal Service

941 Barbering and Hairdressing

942 Domestic Service

943 Dying, Cleaning and Pressing

944 Photography

945 Hotels and Lodging Houses

946 Laundries

947 Restaurants, Cafes and Taverns

948 Undertaking

949 Other Personal Service

Source: Royal Commission on Canada's Economic Prospects, The Service Industries. By the Bank of Montreal, March 1956, pp. 149-151

APPENDIX II - DISTRIBUTION OF THE LABOUR FORCE BY INDUSTRY AND SEX, NOVA SCOTIA, 1921-1961

		1921		1931		1941		1951		1961	
		M	F	M	F	M	F	M	F	M	F
All Industries		156777	28779	152993	27901	153941	37032	178087	42719	178559	58260
1	Agriculture	47771	1475	42521	1308	36944	653	22787	544	11481	557
2	Forestry	2437	-	2502	25	6494	44	5822	91	4224	72
3	Fishing and Trapping	12367	14	11612	31	10841	8	9736	33	7433	60
4	Mines, Quarries, Oil Wells	15350	40	16940	39	16758	33	15465	105	10015	90
5	Manufacturing Industries	18909	3325	20871	2821	25577	3541	32465	4464	28728	5353
6	Construction	11773	63	10408	59	12477	72	16217	175	15221	303
7	Transportation, Communication, and Other Utilities	13353	1064	13877	993	14915	979	18905	1833	21932	3030
8	Trade	11679	3783	11620	3599	14542	5766	20948	9121	25404	11359
Sub.	a) Wholesale	-	-	1897	300	3499	586	7090	1149	8057	1546
Sub.	b) Retail	-	-	9723	3299	11043	5180	13858	7972	17347	9813
9	Finance, Insurance and Real Estate	1589	490	1757	530	1665	761	2047	1512	3094	2558
10	Community, Business and Personal Service Industries	13359	17600	10847	18382	10891	24988	30817	24276	48005	33764
Sub.	a) Community and Business	6101	9549	3306	6832	3597	7819	6160	10909	9948	17824
Sub.	b) Personal	3151	11532	3109	10816	2645	15825	3550	10414	4422	11692
Sub.	c) Recreational	250	23	479	73	379	93	707	263	779	288
Sub.	d) Government	3857	496	3753	661	4270	1251	20200	2690	32856	3960
11	Industry not specified	8220	925	10238	114	2837	187	3078	565	3022	1114

Source: Same as for Table 5.

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